

Council on Postsecondary Education
February 8, 2013

2013-14 Tuition Setting Process

ACTION: The staff recommends that the Council approve the attached Tuition and Mandatory Fee Policy and 2013-14 Tuition Setting Timeline that provide a framework for establishing public postsecondary tuition and fees for AY 2013-14.

At the November 16, 2012, Council meeting, staff submitted draft Tuition and Mandatory Fee Policy and 2013-14 Preliminary Tuition Setting Timeline documents to Council members for review and discussion. Since that time, staff has continued to work with campus presidents and institution chief budget officers to finalize the tuition policy and timeline. There were no suggested changes to either the policy or the timeline.

Staff recommends that the Council approve the attached Tuition and Mandatory Fee Policy (Attachment 1) and 2013-14 Tuition Setting Timeline (Attachment 2). Once approved, these documents will be used to guide development of tuition and mandatory fee rate ceilings and facilitate submission and assessment of campus rate proposals for academic year 2013-14.

As can be seen in the attached timeline, it is anticipated that the Council will review and approve the tuition policy and timeline documents at the February 8 meeting, take action on staff's recommended tuition ceilings at the April 18 meeting, and approve each institution's proposed tuition and mandatory fee rates at the June 20 meeting.

In the pages that follow, staff identifies several key issues that will likely impact the 2013-14 tuition setting process, provides trend and comparative tuition and fee price data for Kentucky and surrounding states, and supplies data relevant to the central objectives of the Council's Tuition and Mandatory Fee Policy.

Key Issues

Declining Share of State Budgets

In recent decades, a persistent problem for many state systems of American higher education has been a reduction in relative priority given to postsecondary education as a percentage of overall state budgets. The postsecondary education community in Kentucky has not been immune to this trend, with Medicaid and corrections capturing the lion's share of any new state General Fund support since the late 1990s (Kentucky Budget of the Commonwealth).

In the analyses below, the postsecondary education budget category includes the Council on Postsecondary Education, state student financial aid, and public postsecondary institution

funding components.

- Between fiscal years 1998-99 and 2013-14, Kentucky's total state General Fund budget increased by 58 percent (Attachment 3).
- During that same time period, state appropriations for Medicaid and criminal justice increased by 138 percent and 78 percent, respectively. These were the only two major budget categories that received a larger percentage increase in appropriations than the increase in the overall state budget.
- The increase for K-12 education was 56 percent, slightly below the increase in the total state budget for the period.
- State appropriations for postsecondary education increased by 24 percent during this period, less than half the rate of increase in the total state budget, and resulting in a declining postsecondary education budget share.
- If postsecondary education had retained the same share of Kentucky's total General Fund budget in fiscal 2013-14 that it had in 1998-99, it would have received about \$320 million more in state support.

As can be seen in Attachment 4, the high point in terms of postsecondary education's budget share occurred in fiscal 2003-04, when 15.8 percent of state General Fund appropriations was used to fund the aforementioned higher education budget components.

- Despite nominal dollar increases in the overall state budget over the past 15 years, higher education's share of total General Fund appropriations fell from 15.8 percent to 12.0 percent between fiscal years 2003-04 and 2013-14, respectively.

Long-term, sustained state support for education continues to be placed in jeopardy due to unsustainable increases in Medicaid and corrections, stemming in part from a historically low level of educational attainment in Kentucky.

General Fund Reductions

In terms of total nominal dollar appropriations, state support for Kentucky's postsecondary institutions peaked in 2007-08, when the 2006 General Assembly enacted a budget containing \$1.084 billion in net General Fund appropriations for college and university operating budgets (HB 380, 2006-08 Budget of the Commonwealth). Since then, the institutions have sustained six budget cuts in five years, including three mid-year Budget Reduction Orders and three enacted reductions.

- Specifically, between fiscal years 2007-08 and 2012-13, Kentucky's public colleges and universities lost \$168.0 million, or 15.5 percent, of their combined net General Fund appropriations (Attachment 5).

Looking at these reductions on a nominal dollar basis masks the effects of inflation and enrollment growth on institutional operating budgets during this period.

- After adjusting for inflation, the loss in postsecondary institution net General Fund appropriations is projected to be \$267 million or 23 percent (Attachment 6).
- During this same time period, the number of full-time equivalent students attending state colleges and universities is projected to increase by about 20,000 students or 13.7 percent (see the green line in Attachment 6).
- On a per-student basis, Kentucky's public postsecondary system is projected to lose \$2,592 per student or 32 percent of its real net General Fund appropriations between fiscal years 2007-08 and 2012-13 (Attachment 7).
- The system would have needed to receive an additional \$430 million in net General Fund support in fiscal 2012-13 in order for it to maintain its originally enacted fiscal 2007-08 per student funding level (Attachment 7).

In other words, if the state's public postsecondary institutions had received \$1.346 billion in net General Fund support in fiscal 2012-13 instead of the \$916.0 million appropriated in the enacted budget, the system's per-student funding level would have been \$8,128, the same level of per-student funding it had in fiscal 2007-08.

Unfunded M&O Expense

When the General Assembly authorizes and issues bonds for new capital construction projects on Kentucky public postsecondary campuses, there are costs associated with operating and maintaining the new facilities (i.e., M&O costs). These costs stem from activities necessary for a building and its systems and equipment to perform intended functions, and include utilities and energy costs and salaries and benefits expense for janitorial and maintenance staff.

Prior to fiscal year 2008-09, it was standard practice for the Kentucky legislature to provide General Fund support for the maintenance and operation of previously authorized Education and General facilities expected to come online during a biennium. Over the past five years, however, austere state budget conditions contributed to a suspension of this practice, with KCTCS being the only institution to receive partial M&O funds during the 2008-10 biennium.

- As can be seen in Attachment 8, Council staff estimates that annual M&O expense at Kentucky's public postsecondary institutions increased by \$38.3 million between fiscal years 2008-09 and 2012-13.

The Council requested state support for M&O in 2008-10, 2010-12, and 2012-14. Other than the partial M&O funding received by KCTCS in 2008-10, these requests went unfunded.

In nominal terms, lack of state funding for M&O during this period has been equivalent to a 4.2 percent cut (on a \$916 million net General Fund base). This is because the institutions

are required to reallocate resources from other uses (i.e., instruction, research, public service) to open, operate, and maintain the new facilities.

Fixed Cost Increases

In January each year, the postsecondary institutions submit fixed cost and tuition and fee revenue estimates to the Council. Fixed cost increases can include M&O expense for new facilities coming online next year, mandated increases in KERS and KTRS retirement system contributions and health insurance premiums, and increases in other costs such as utilities, contractual obligations, and workmen's and unemployment compensation.

The tuition and fee revenue estimates provided by the institutions are net of institutional scholarships and waivers, and assume flat student enrollment and uniform levels of rate increase across all categories of students (i.e., every academic level, residency, and full-time/part-time status). They represent projected, incremental increases in net tuition and fee revenue that could be generated by different levels of rate increase implemented during the upcoming academic year.

- Attachment 9 shows the potential budgetary impact of fixed cost and tuition and fee rate increases on postsecondary institution operating budgets for the upcoming 2013-14 academic year.
- Unlike 2012-13, when Kentucky colleges and universities experienced a 6.4 percent decrease in state support, the enacted budget (HB 265) does not call for a reduction in postsecondary institution net General Fund revenue in 2013-14.
- During fiscal 2013-14, KERS and KTRS employer paid retirement contributions and health insurance premiums are expected to increase by \$5.0 million and other fixed costs are projected to grow by \$56.4 million, for a total increase in fixed costs of \$61.4 million.

As described in more detail in the Unfunded M&O Expense section of this agenda item, fixed cost estimates for fiscal 2013-14 do not include \$38.3 million in unfunded M&O expense associated with new E&G facilities that came online between FY09 and FY13.

In addition to fixed costs, Attachment 9 also shows how much tuition and mandatory fee revenue would be generated at various levels of rate increase (net of institutional scholarships and waivers) by institution and for the postsecondary system.

- For example, a four percent tuition and fee increase, assessed uniformly across all postsecondary sectors and all categories of students, would generate a combined increase in net tuition and fee revenue of \$42.0 million.
- This means that a four percent rate increase, implemented across the board, would cover about 68 percent of the projected \$61.4 million increase in fixed costs, resulting in a net operating deficit of \$19.4 million.

The continued lack of funding for M&O, fixed cost increases, and limits on tuition and fee increases has placed pressure on postsecondary institution budgets and required campus leaders to divert resources from other programs or functional areas to cover these necessary expenditures.

Financial Aid

Listed below is financial aid information relevant to the 2013-14 tuition and fee setting process.

Federal Aid

- The maximum Pell grant award is expected to increase from \$5,550 in 2011-12 to \$5,635 in 2012-13, based on President Obama's FY13 Budget Request (News from NASFAA).
- In 2010-11, the average Pell grant award for students attending a KCTCS institution was \$3,555, up \$237 from the previous year, and the average award for students attending a Kentucky public four-year institution was \$4,023, up \$130 from the previous year (U.S. Department of Education, Distribution of Federal Pell Grant Program Funds by Institution, 2010-11 Award Year).

State Aid

- Following a decade of substantial nominal dollar growth, enacted appropriations for state-funded student financial aid began leveling off in fiscal year 2008-09 and have grown very little since.
- Between fiscal years 1998-99 and 2008-09, enacted appropriations for state student aid increased by 19.5 percent per year. Based on the enacted budget bill (HB 265), student aid appropriations are expected to grow by about 1.0 percent per year between fiscal years 2008-09 and 2013-14.
- The maximum state KEES award is expected to be \$2,500 next year. The maximum state CAP award for 2013-14 will not be determined until late February or early March, but the maximum award this year is \$1,900 (Kentucky Higher Education Assistance Authority).
- In 2011-12, the average state KEES award was \$920 for students attending a KCTCS institution and \$1,616 for students attending a Kentucky public four-year institution (KHEAA Financial Aid Distribution by Institution, 2011-12).
- That same year, average state CAP awards were \$1,385 at KCTCS institutions and \$1,659 at Kentucky public four-year institutions (KHEAA Financial Aid Distribution by Institution, 2011-12).

Kentucky remains a high-aid state, defined as states in which state-funded, total undergraduate grant dollars per student rank in the upper quintile of the 50 U.S. states, the District of Columbia, and Puerto Rico.

- In 2010-11, Kentucky ranked 13th highest nationwide in state-funded, need-based undergraduate grant dollars per FTE student and 8th highest in state-funded, total undergraduate grant dollars per FTE student (NASSGAP, 42nd Annual Survey Report, 2010-11).
- This represents a slight decrease in rank compared to 2007-08, when Kentucky ranked 12th highest in need-based undergraduate aid per student, and 5th highest in total undergraduate aid per student (NASSGAP, 39th Annual Survey Report, 2007-08).

Price Trends and Comparative Data

Kentucky Price Trends

Following a five-year stretch of relatively aggressive rate increases during the mid-2000s, average annual growth rates in resident undergraduate tuition and fees at Kentucky's public postsecondary institutions have been reduced by more than half in the five years since academic year 2007-08.

- Between academic years 2002-03 and 2007-08, the average annual increase in resident undergraduate tuition and fees for students attending a Kentucky public postsecondary institution was 12.9 percent (Attachment 10).
- Since that time, increases in resident undergraduate tuition and fees have averaged 5.8 percent per year for the postsecondary system, a reduction of 7.1 percentage points, or 55 percent.
- Over the past five years, resident undergraduate tuition and fees have increased at average annual rates of 4.0 percent at KCTCS institutions, 5.6 percent at the comprehensive universities, and 6.7 percent at the research universities (Attachment 10).

These data include student endorsed and Council approved Special Use Fees that were implemented at the University of Louisville, Morehead State University, Northern Kentucky University, and Western Kentucky University last year, which allowed these institutions to exceed Council rate ceilings.

Regional Price Comparison

For several years, CPE staff has provided Council members with information comparing list prices of Kentucky public colleges and universities averaged by sector to comparable groups of institutions and sectors in surrounding states.

As can be seen in Attachments 11 and 12, the relative rank of Kentucky's public postsecondary institution tuition and required fees varies by sector compared to similar institutions in a contiguous eight-state region, and those rankings have changed over time.

- In academic year 2011-12, average resident undergraduate tuition and required fees at Kentucky's research universities ranked 5th highest among similar institutions in the eight-state region, a rise in rank from 6th in 1999-00 (Attachment 11).
- That same year, average resident undergraduate tuition and fees at Kentucky's comprehensive universities ranked 5th highest out of eight states in the region, an increase in rank from 8th in 1999-00 (Attachment 12).

As of the mailing date for this agenda item, the data required to update the two-year college ranking table (Attachment 13) were unavailable. CPE staff will provide KCTCS tuition and fee ranking data to Council members as soon as it becomes available.

Attachments 14 and 15 are maps of Kentucky and the surrounding seven states that contain average tuition and mandatory fees by postsecondary sector for resident and nonresident undergraduate students, and resident and nonresident graduate students. These data show that compared to similar institutions in surrounding states:

- Average full-time tuition and fees at Kentucky's research universities tend to be about average for resident undergraduate students, lower for nonresident undergraduate students, about average for resident graduate students, and lower for nonresident graduate students (Attachment 14).
- Average full-time tuition and fees at Kentucky's comprehensive universities tend to be about average for resident and nonresident undergraduate students, about average for resident graduate students, and lower for nonresident graduate students (Att. 15).

The data contained in the two-year college map (Attachment 16) were unavailable by time of mailing. Staff will provide the map to Council members when available.

Policy Relevant Information

For the past several years, CPE staff has produced a series of tables, charts, and figures that provides context for the tuition setting process. This information is typically organized around the five fundamental objectives of the Council's tuition and mandatory fee policy, including funding adequacy, shared benefits and responsibility, affordability and access, attracting and importing talent, and effective use of resources.

Funding Adequacy

One method of assessing funding adequacy is to track net General Fund appropriations and total public funds revenue over time to determine whether or not the change in funding keeps

pace with inflation and enrollment growth for the period.

State Support

As described in the Key Issues section of this agenda item, on an inflation-adjusted basis, state General Fund support for Kentucky's public postsecondary institutions has eroded over the past five years. At the same time, FTE student enrollment at state colleges and universities increased, resulting in budgetary pressures across all institutions and sectors.

- Between fiscal years 2007-08 and 2012-13, inflation-adjusted net General Fund appropriations for Kentucky's public postsecondary institutions decreased from \$1.183 billion to \$916 million, a loss of \$267 million or 23 percent (Attachment 6).
- During this same period, FTE student enrollment at Kentucky colleges and universities (designated by the green line in Attachment 6) is projected to increase by nearly 20,000 students or 13.7 percent.

This combination of decreasing net General Fund appropriations and growing enrollment resulted in a marked reduction in per student state support over the past five years.

- Between fiscal years 2007-08 and 2012-13, Kentucky's public postsecondary system is projected to lose \$2,592 per student or 32 percent of its real net General Fund appropriations per FTE (Attachment 7).
- The system would have needed to receive an additional \$430 million in net General Fund support in fiscal 2012-13 in order for it to maintain its fiscal 2007-08 per student funding level.

The decrease in state funding per student occurred in all postsecondary sectors and at every institution, although the extent of the decline varies by sector and institution.

- Attachment 17 shows that the steepest dollar and percent declines are expected to occur in the research sector (-\$3,939 per student, or -29 percent) and the two-year college sector (-\$2,140 per student, or -40 percent) during this period.

These data show that, over the past five years, state General Fund support at Kentucky's public postsecondary institutions did not keep pace with inflation and enrollment growth. As a result, the institutions relied on increased tuition and fee revenue to partially offset the decline in state funding during this period.

The ability of state colleges and universities to generate a sufficient amount of tuition and fee revenue to fully compensate for the loss in state General Fund support has been limited by Council approved tuition and fee ceilings since fiscal 2008-09.

Total Public Funds

At the system level, revenue from tuition and fee increases since fiscal 2007-08 has not been sufficient to fully fund the gap caused by declining state support on an inflation-adjusted per student basis.

- In real terms, total public funds per student at Kentucky's public postsecondary institutions fell from \$16,018 in fiscal 2007-08 to a projected \$14,815 in fiscal 2012-13, a loss of \$1,203 per student or 7.5 percent (Attachment 18).
- As can be seen in Attachment 19, state General Fund support for the postsecondary institutions is expected to fall by \$2,592 per student between fiscal years 2007-08 and 2012-13.
- Gross tuition and fee revenue is projected to increase by \$1,389 per student during this period, but fall \$1,203 per student short of filling the gap created by decreased state support.
- The institutions would have needed an additional \$200 million in gross tuition and fee revenue in fiscal 2012-13 to fully fund the gap caused by declining state support and maintain the \$16,018 per student funding level they had in FY08 (Attachment 19).

This level of increase in tuition and fee revenue was not feasible due to affordability concerns and the implementation of Council-approved rate ceilings, beginning in 2008-09.

- During this same time period, the number of degrees and other credentials awarded each year by the state's public postsecondary institutions is expected to increase by about 10,000 degrees or 21.0 percent (designated by a green line in Attachment 18).

The change in total public funds per student showed considerable variation by sector and institution during this period.

- As can be seen in Attachment 20, real total public funds per student is expected to decrease in the research sector (-\$1,508 per student, or -6 percent) and the two-year college sector (-\$1,701 or -18 percent) between fiscal years 2007-08 and 2012-13.
- Meanwhile, the comprehensive university sector registered a 2 percent increase in its real per student funding during this period (+\$357 per student), indicating that as a group, the change in total public funds per student at these institutions kept pace with inflation and enrollment growth.

It is important to keep in mind that these data make no statement about the adequacy of a given institution's or a given sector's funding level in fiscal year 2007-08, but do provide an indication of how institutions and sectors have fared over time in the face of inflation and enrollment growth relative to that baseline.

Interstate Funding Comparison

Another way to assess funding adequacy is to compare higher education funding levels for Kentucky institutions or postsecondary sectors to funding levels for similar institutions or sectors in other states. For purposes of the analysis below, CPE staff used data from the Southern Regional Education Board (SREB) finance survey.

- These data show that, between fiscal years 2001-02 and 2010-11, total public funds per student at Kentucky's public four-year universities increased by \$708 per student, or 4.7 percent, on an inflation adjusted basis (Attachment 21).
- During fiscal 2001-02, total public funds per student at Kentucky's public four-year universities (\$15,019) were 110 percent of the SREB average (\$13,681), and ranked 3rd highest among 16 SREB states.
- Nine years later, in fiscal 2010-11, total public funds per student at the four-year universities (\$15,727) were 117 percent of the SREB average (\$13,418), and ranked 5th highest among 16 SREB states.
- After adjusting for inflation, total public funds per FTE student at Kentucky's public two-year colleges decreased by \$1,171 per student, or 15.2 percent, between fiscal years 2001-02 and 2010-11 (Attachment 22).
- During fiscal year 2001-02, total public funds per FTE student at Kentucky's public two-year institutions (\$7,720) were 103 percent of the SREB average (\$7,528), and ranked 9th highest among 16 SREB states.
- In fiscal 2010-11, total public funds per student at KCTCS (\$6,549) were 98 percent of the SREB average (\$6,688), and ranked 7th highest among 16 SREB states.

Shared Benefits and Responsibility

The Council's tuition policy espouses the belief that funding postsecondary education should be a shared responsibility of the state and federal government, students and families, and postsecondary education institutions. A basic rationale for this cost sharing approach is that benefits accrue to both the state and the individual from college attainment.

The state benefits from broad postsecondary attainment in the form of a strong economy and an informed citizenry. College graduates benefit through an elevated quality of life, expanded career opportunities, and increased lifetime earnings.

During the late 1990s, the Commonwealth of Kentucky assumed about two-thirds of college costs through provision of net General Fund appropriations, and students and their families assumed the other third through payment of tuition and fees (Kentucky Budgets of the Commonwealth; CPE Comprehensive Database). Since that time, due largely to declining

state support for postsecondary education, Kentucky has increasingly relied on tuition and fee revenue to finance its public colleges and universities.

- As can be seen in Attachment 23, during fiscal 1998-99, the average student share (or gross tuition and fee revenue share) of system total public funds was 33 percent.
- Since that time, the system average student share has increased nearly every year, growing to 50 percent in fiscal 2007-08 and to 60 percent in fiscal 2011-12.
- These trend data show that over the past 13 years, Kentucky students and their families have shouldered an ever increasing share of college costs.

Increases in student share occurred in all postsecondary sectors and at every institution during this period, although the extent of student share growth varies by sector and institution.

- In fiscal 2011-12, student share is below 55 percent at two institutions (UK and KSU) and above 70 percent at one institution (NKU). State support for land grant missions at UK and KSU contribute to lower student shares at these institutions.
- These data show that the average student share for the comprehensive university sector remained about 10 percentage points higher than the average student shares of either the research or the two-year college sectors during this period (Attachment 23).

The trend toward a growing student share of college costs does not bode well for Kentucky students and their families, and when the historical trend is projected into the future, it does not appear sustainable as a postsecondary financing approach.

- As illustrated graphically in Attachment 24, if Kentucky continues to follow its recent trend of partially replacing reductions in state support with tuition and fee revenue, the student share of college costs for the postsecondary system could reach 66 percent by 2015 and 75 percent by 2020.

Clearly, the trend that has emerged over the past 13 years is that students and their families are shouldering an ever increasing share of college costs. Without significant increases in state General Fund support and state student financial aid to buffer price increases, combined with continuing use of aggressive cost containment strategies, the current trend is not sustainable as a model to fund achievement of HB 1 reform goals.

Affordability

Students rarely pay the full price of postsecondary institution tuition and fees. Financial aid from federal, state, and institutional sources reduces the cost of college attendance for most students. For this reason, a frequently used metric for assessing affordability is average net price.

Net Price

For several years, CPE staff has provided Council members with data on unmet direct costs for the public universities and KCTCS. These data have generally shown that Kentucky's colleges and universities remain accessible for most full-time, resident undergraduate aid recipients, particularly those in the lowest income categories, despite moderate increases in tuition and fee sticker prices over the past five years, due in large part to the availability of student financial aid.

As of the mailing date for this agenda item, the data required to update the charts provided last year were unavailable. CPE staff will provide unmet direct cost data (i.e., Attachments 25, 26, and 27) to Council members as soon as it becomes available.

Student Debt

Another indicator of college affordability is average student loan debt. If unmet need increases over time, some students and families may choose to increase reliance on student loans to help pay their increasing share of college costs.

A respected source of information about student loan debt is The Project on Student Debt annual report. Based on their most recent report, Kentucky has moved up in national rankings of average student loan debt in recent years and is no longer considered a low debt state among the 50 U.S. states and the District of Columbia (*Student Debt and the Class of 2011*, October 2012).

- Over the past five years, average student loan debt incurred by Kentucky's graduating seniors increased from \$15,406 for the class of 2006 to \$22,287 for the class of 2011, a 45 percent increase (The Project on Student Debt).
- During that same time period, Kentucky rose in state rankings from 44th to 37th in average student loan debt for the graduating classes of 2006 and 2011, respectively (in The Project on Student Debt report, a rank of 1st indicates the state with the highest average student loan debt).
- This means Kentucky is no longer classified as a "Low-Debt State" (defined by The Project on Student Debt as ranking in the bottom quintile in average student loan debt among the 50 U.S. states and the District of Columbia).

Despite increases in average student loan debt in recent years, Kentucky's graduating seniors continue to have lower average debt loads than postsecondary graduates in most states.

- Nationally, two-thirds (66 percent) of college seniors who graduated in 2011 had student loan debt, with an average of \$26,600 per borrower. Meanwhile, the unemployment rate for young college graduates in 2011 remained high at 8.8 percent.

- Kentucky's average student loan debt for the graduating class of 2011 is 84 percent of the U.S. average and ranks just above the 25th percentile for that cohort.

Loan default rates among Kentucky graduates are above the national average.

- Among Kentucky seniors who graduated in 2009 and incurred student loan debt, 15.0 percent had defaulted on their loans three years later, which ranks 12th highest in the nation for that cohort (U.S. Department of Education).

Student Access

Attachment 28 shows the change in fall semester, undergraduate and graduate student headcount enrollment at Kentucky public postsecondary institutions over the past five years.

Undergraduate/Graduate Enrollment

After growing at a strong pace the previous two years, undergraduate enrollment at Kentucky public colleges and universities slowed somewhat during fall semester 2011. Graduate student enrollment continued its recent trend of relatively slow growth the past five years.

- Between fall semesters 2008 and 2010, undergraduate student enrollment at Kentucky's public postsecondary institutions increased by 10.9 percent, but in fall 2011, growth in undergraduate enrollment slowed to 1.6 percent (Attachment 28).
- Over the past five years, between fall semesters 2006 and 2011, undergraduate student enrollment for the system grew by 28,272 students or 15.6 percent.
- During that same period, graduate student enrollment increased by 1,088 students or 4.7 percent. Nearly 60 percent of the increase in graduate student enrollment (+2.8 percentage points) occurred during fall 2009.

Over the past five years, rates of growth in undergraduate and graduate enrollment varied across institutions and sectors. KCTCS continued to record the largest number and percent increases in undergraduate enrollment among Kentucky's postsecondary sectors.

- Although the rate of increase in undergraduate enrollment at KCTCS slowed somewhat during fall semester 2011 (+1.5 percent), the two-year sector posted the largest one-year increase in students (+1,638) of any postsecondary sector, and registered the largest number and percent increases over the past five years (+21,827 and +25.2 percent), growing at an average annual rate of 4.6 percent for the period (Attachment 28).
- The comprehensive sector recorded the largest percent increase (+2.5 percent) between fall semesters 2010 and 2011, followed by KCTCS (+1.5 percent), and the research institutions (+0.3 percent). Undergraduate enrollment at the comprehensive universities grew by 1,599 students that year.

Graduate student enrollment at the comprehensive universities continued to grow at a faster pace than did graduate enrollment at the research institutions, although the increase during fall semester 2011 was slightly below the average rate of growth for the period.

- Between fall semesters 2006 and 2011, graduate student enrollment at Kentucky's comprehensive universities increased by 1,342 students or 13.3 percent (Attachment 28).
- During that same period, graduate enrollment at the research universities decreased by 254 students or 1.9 percent.
- Overall, graduate student enrollment for the system grew by 1,088 students or 4.7 percent over the past five years.

As is typically the case during recessions, rates of growth in postsecondary enrollment have increased in recent years, placing additional cost demands on institutions during a time when state support for higher education is waning.

Effective Use of Resources

As discussed in the Funding Adequacy section of this agenda item, Kentucky's public colleges and universities have experienced a steady erosion of inflation-adjusted state General Fund support over the past five years. While this loss was partially offset by increased tuition and fee revenue, the net effect of declining state support and growing enrollment has been a \$1,203 decrease in total public funds revenue per student between fiscal 2007-08 and 2012-13.

The postsecondary institutions have implemented a variety of cost savings and efficiency strategies in recent years to help minimize the impact of budget reductions, unfunded M&O expenses, and yearly fixed cost increases on educational quality and postsecondary reform goals. Despite diminished budgetary resources, Kentucky's public postsecondary system increased the number of degrees and credentials it produced during this period.

- As can be seen in Attachment 18, Kentucky's public postsecondary system is expected to produce 9,645 more degrees and other credentials in academic year 2012-13, than it did in 2007-08, a 21 percent increase.
- This increase in degree production occurred despite a \$1,203 reduction in real, total public funds per student during this period.
- This graph also illustrates the change over time in higher education funding sources from a one-third student, two-thirds state share for financing college costs to a model that requires students and their families to pay an increasing share of college costs, reaching 60 percent in FY12.

Council on Postsecondary Education Tuition & Mandatory Fee Policy

The Council on Postsecondary Education is vested with authority under KRS 164.020 to determine tuition at public postsecondary education institutions in the Commonwealth of Kentucky. Kentucky's goals of increasing educational attainment, promoting research, assuring academic quality, and engaging in regional stewardship must be balanced in the context of current needs, effective use of resources, and economic conditions. For the purposes of this policy, mandatory fees are included in the definition of tuition. During periods of relative austerity, the proper alignment of the state's limited financial resources requires increased attention to the goals of the *Kentucky Postsecondary Education Improvement Act of 1997* (HB 1) and the Strategic Agenda for Kentucky Postsecondary and Adult Education.

Fundamental Objectives

- Funding Adequacy

HB 1 states that Kentucky shall have a seamless, integrated system of postsecondary education, strategically planned and adequately funded to enhance economic development and quality of life. In discharging its responsibility to determine tuition, the Council, in collaboration with the institutions, seeks to authorize the institutional funding necessary to accomplish the goals of HB 1 and the Strategic Agenda.

- Shared Benefits and Responsibility

Postsecondary education attainment benefits the public at large in the form of a strong economy and an informed citizenry, and it benefits individuals through elevated quality of life, broadened career opportunities, and increased lifetime earnings. The Council and the institutions believe that funding postsecondary education is a shared responsibility of the state and federal government, students and families, and postsecondary education institutions.

- Affordability and Access

Since broad educational attainment is essential to a vibrant state economy and to intellectual, cultural, and political vitality, the Commonwealth of Kentucky seeks to ensure that postsecondary education is broadly accessible to its citizens. The Council and the institutions are committed to ensuring that college is affordable and accessible to all academically qualified Kentuckians. The Council believes that no citizen of the Commonwealth who has the drive and ability to succeed should be denied access to postsecondary education in Kentucky because of inability to pay. Access should be provided through a reasonable combination of savings, family contributions, work, and financial aid, including grants and loans.

In developing a tuition and mandatory fees recommendation, the Council and the institutions shall work collaboratively and pay careful attention to balancing the cost of attendance, including tuition and mandatory fees, room and board, books, and other direct and indirect costs, with students' ability to pay by taking into account, among other factors (1) students' family and individual income; (2) federal, state, and institutional scholarships and grants; (3) students' and parents' reliance on loans; (4) access to all postsecondary education alternatives; and (5) the need to enroll and graduate more students.

- Attracting and Importing Talent to Kentucky

It is unlikely that Kentucky can reach its 2020 postsecondary education attainment goals by focusing on Kentucky residents alone. Tuition reciprocity agreements, which provide low-cost access to out-of-state institutions for Kentucky students that live near the borders of other states, also serve to attract students from surrounding states to Kentucky's colleges and universities. In fact, according to the Council's 2007 Brain Gain report, four out of every ten (37 percent) out-of-state graduates were still in Kentucky five years after receiving their degrees.

The Council and the institutions are committed to making Kentucky's institutions financially attractive to nonresident students while recognizing that nonresident, undergraduate students should pay a significantly larger proportion of the full cost of their education. Any proposed policy on nonresident tuition and mandatory fees should also be evaluated based on its potential impact on attracting and retaining students which directly enhance diversity and Kentucky's ability to compete in a global economy.

- Effective Use of Resources

Kentucky's postsecondary education system is committed to using the financial resources invested in it as effectively and productively as possible to advance the goals of HB 1 and the Strategic Agenda, including undergraduate and graduate education, engagement and outreach, research, and economic development initiatives. The colleges and universities seek to ensure that every dollar available to them is invested in areas that maximize results and outcomes most beneficial to the Commonwealth and its regions. The Council's performance metrics shall be used to monitor both statewide and institutional performance toward HB 1 and Strategic Agenda goals.

The institutions also recognize their responsibility to demonstrate that they are good stewards of limited public resources by providing annual reports to their governing boards and the Council on their efforts to contain costs, improve efficiencies and productivity, and reallocate existing resources to high priority activities.

Special Use Fees Exception Policy

During the 2010-11 tuition setting process, campus officials requested that the Council consider excluding student endorsed fees from its mandatory fee definition, thus omitting consideration of such fees when assessing institutional compliance with Council approved tuition and fee rate ceilings. Based on feedback received from institutional Chief Budget Officers (CBOs) at their December 2010 meeting, it was determined that there was general interest in treating student endorsed fees differently from other mandatory fees.

In January and February 2011, Council staff collaborated with institutional presidents, CBOs, and their staffs in developing the following Special Use Fees Exception Policy:

- To the extent that students attending a Kentucky public college or university have deliberated, voted on, and requested that their institution's governing board implement a special use fee for the purposes of constructing and operating and maintaining a new facility, or renovating an existing facility, that supports student activities and services;
- And recognizing that absent any exemption, such student endorsed fees, when implemented in the same year that the Council adopts tuition and fee rate ceilings, would reduce the amount of additional unrestricted tuition and fee revenue available for the institution to support its E&G operation;
- The Council may elect to award an exemption to its tuition and fee rate ceiling equivalent to all or a portion of the percentage increase resulting from imposition of the student endorsed fee, provided said fee meets certain eligibility requirements.

Definitions

A student endorsed fee is a mandatory flat-rate fee that has been broadly discussed, voted on, and requested by students and adopted by an institution's governing board, the revenue from which may be used to pay debt service and operations and maintenance expenses on new facilities, or capital renewal and replacement costs on existing facilities and equipment, that support student activities and services, such as student unions, fitness centers, recreation complexes, health clinics, and/or tutoring centers.

Maintenance and Operations (M&O) expenses are costs incurred for the administration, supervision, operation, maintenance, preservation, and protection of a facility. Examples of M&O expenses include janitorial services, utilities, care of grounds, security, environmental safety, routine repair, maintenance, replacement of furniture and equipment, and property and facility planning and management.

Eligibility Criteria

A student endorsed fee will continue to be a mandatory fee within the context of the Council's current mandatory fee definition and may qualify for an exemption from Council approved tuition and fee rate ceilings. Campus officials and students requesting an exemption under this policy must be able to demonstrate that:

- All enrolled students have been afforded ample opportunity to be informed, voice their opinions, and participate in the decision to endorse a proposed fee. Specifically, it must be shown that fee details have been widely disseminated, broadly discussed, voted on while school is in session, and requested by students.
- For purposes of this policy, voted on means attaining:
 - a. A simple majority vote via campus wide referendum, with a minimum of one-quarter of currently enrolled students casting ballots;
 - b. A three-quarters vote of elected student government representatives; or
 - c. A simple majority vote via campus wide referendum, conducted in conjunction and coinciding with the general election of a student government president or student representative to a campus board of regents or board of trustees.
- The proposed fee and intended exemption request have been presented to, and adopted by, the requesting institution's governing board. It is anticipated that elected student government representatives will actively participate in board presentations.
- Revenue from such fees will be used to pay debt service and M&O expenses on new facilities, or capital renewal and replacement costs on existing facilities and equipment, which support student activities and services, such as student unions, fitness centers, recreation complexes, health clinics, and/or tutoring centers. The Council expects these uses to be fully explained to students prior to any votes endorsing a fee.
- In any given year, the impact of a student endorsed fee on the overall increase in tuition and mandatory fees for students and their families will be reasonable. It may be appropriate to phase in the exemption over multiple years to maintain affordability and access.
- Requests for student endorsed exemptions are infrequent events. The Council does not expect requests for exemptions under this policy to occur with undue frequency from any single institution and reserves the right to deny requests that by their sheer number are deemed excessive.
- A plan is in place for the eventual reduction or elimination of the fee upon debt retirement, and details of that plan have been shared with students. The Council does not expect a fee which qualifies for an exemption under this policy to be assessed at full rate in perpetuity. Such fees should either terminate upon completion of the debt or, in the case of new facilities, may continue at a reduced rate to defray ongoing M&O costs. In either case, to qualify for an exemption, students should be fully aware of the extent of their obligation prior to any votes endorsing a fee.

Exemption Process

Requests for an exemption under this policy will be evaluated on a case by case basis. To initiate the process:

- The requesting institution will notify Council staff of any pending discussions, open forums, referendums, or student government actions pertaining to a proposed special use fee and discuss fee details with Council staff as needed.
- After a fee has been endorsed by student referendum or through student government action and approved by the institution's governing board, campus officials and students will submit a written exemption request to the Council for its consideration.
- Council staff will review the request, assess whether or not the proposed fee qualifies for an exemption, and make a recommendation to the Council.

To facilitate the exemption request process, requesting institutions and students are required to provide the Council with the following information:

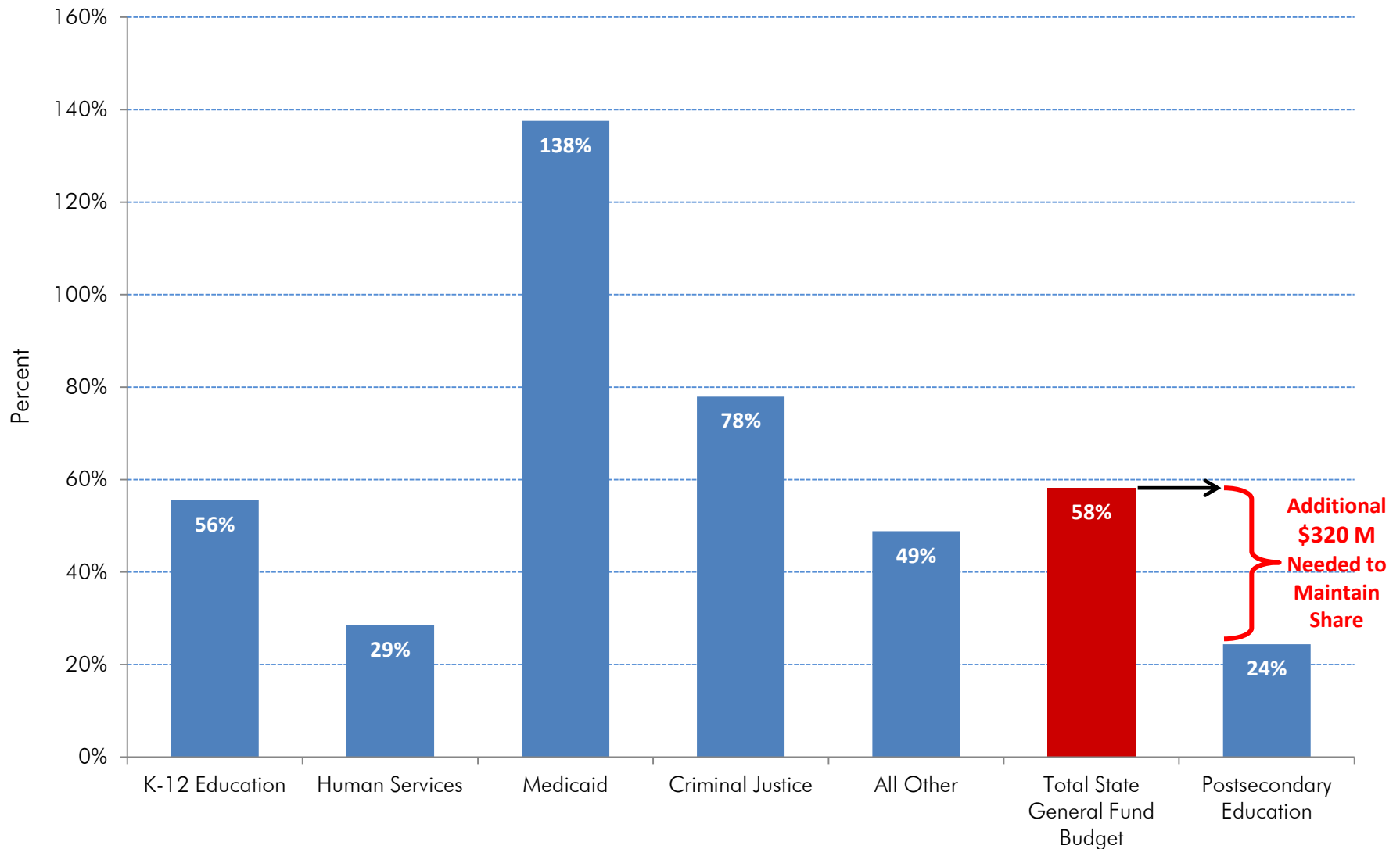
- Documents certifying that the specific project and proposed fee details have been widely disseminated, broadly discussed, voted on, and requested by students, as well as adopted by the institution's governing board.
- Documents specifying the fee amount, revenue estimates, uses of revenue, impact on tuition and fees during the year imposed (i.e., percentage points above the ceiling), and number of years the fee will be in place.
- Documents identifying the project's scope, time frame for completion, debt payment schedule, and plan for the eventual reduction or elimination of the fee upon debt retirement.

Council on Postsecondary Education 2013-14 Tuition Setting Timeline

- Nov 16, 2012 CPE Meeting – The staff provides Council members an update regarding the 2013-14 tuition setting process. Staff will share the existing Tuition & Mandatory Fee Policy and a preliminary 2013-14 Tuition Setting Timeline with Council members.
- Nov-Dec 2012 Initiate discussions with institutions and generate draft tuition policy and tuition setting timeline documents for 2013-14.
- Council staff collects data and generates information related to funding adequacy, affordability, access, financial aid, and productivity.
- Institutional staff collect data and generate information related to fixed cost increases, potential impacts of tuition increases, anticipated uses of additional tuition revenue, financial aid, and student debt.
- Jan 2013 Council and institutional staff exchange information from respective data collection efforts and work together to finalize for distribution to Council members.
- Feb 8, 2013 CPE Meeting – The Council takes action on final 2013-14 Tuition and Mandatory Fee Policy and 2013-14 Tuition Setting Timeline documents.
- The staff provides Council members with policy-relevant information related to funding adequacy, affordability, access, financial aid, and productivity. Institutions share information regarding potential impacts of tuition increases and anticipated uses of additional tuition revenue.
- Feb-Apr 2013 Council and institutional staff discuss policy relevant information and preliminary tuition parameters. The Council president updates Council members regarding these discussions.
- Apr 18, 2013 CPE Meeting – The Council takes action on recommended tuition and mandatory fee ceilings.
- May 2013 Institutional staff share proposed 2013-14 tuition and mandatory fee rates with the Council president. The Council president updates Council members regarding the proposed rates.
- Jun 20, 2013 CPE Meeting – The Council takes action on each institution's proposed 2013-14 tuition and mandatory fee rates.

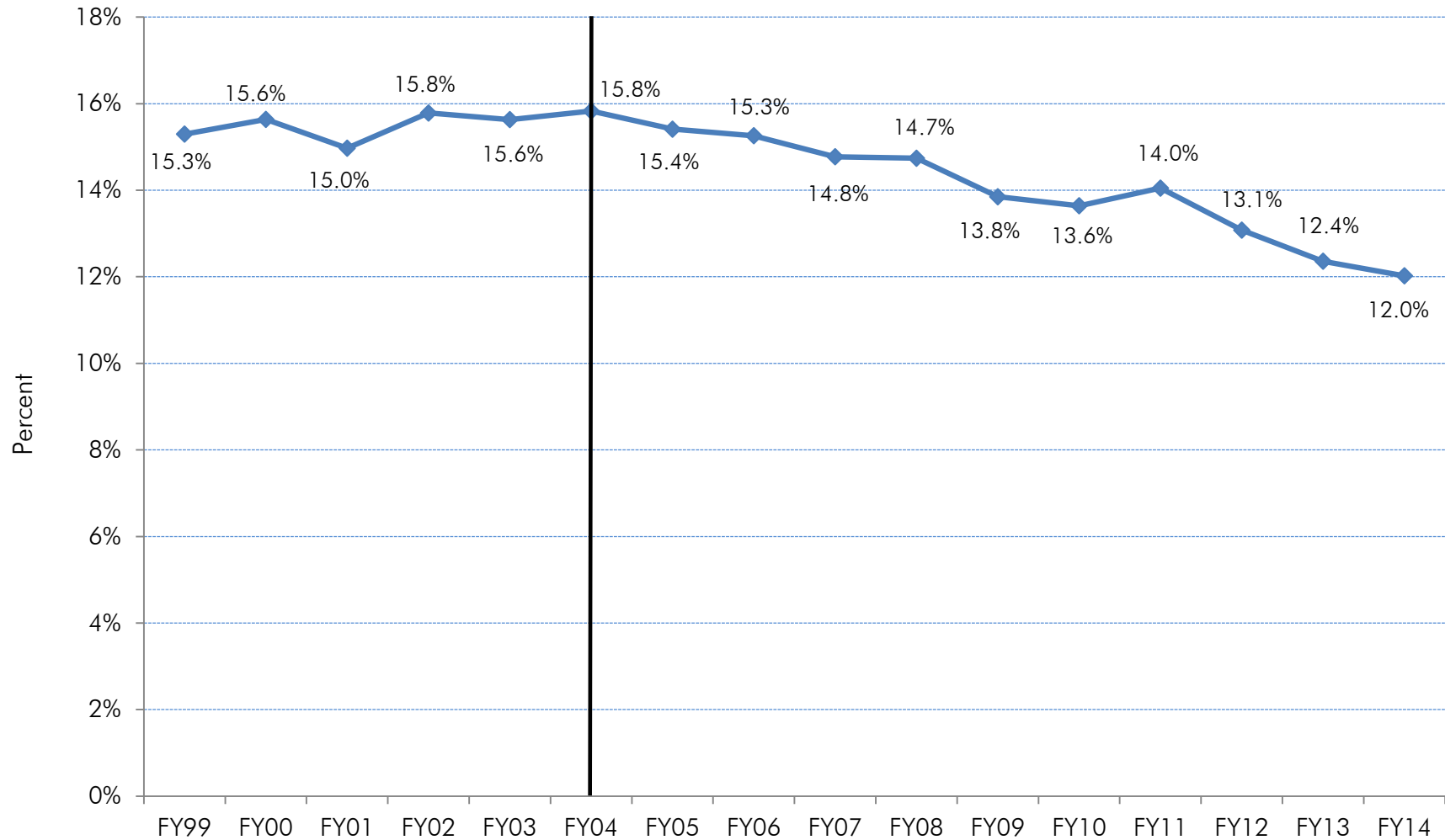
Kentucky Budget of the Commonwealth
Change in General Fund Appropriations by Budget Category
Fiscal Years 1999 - 2014

Attachment 3



Source: Kentucky Enacted Budgets of the Commonwealth.

Kentucky Budget of the Commonwealth
Postsecondary Education's Share of Total State General Fund Budget
Fiscal Years 1999 - 2014



Source: Kentucky Enacted Budgets of the Commonwealth.

Kentucky Public Postsecondary Institution
 Enacted Net General Fund Appropriations (Nominal Dollars)
 Fiscal Years 2008 and 2013

Institution	2007-08 ^(a) Enacted Net General Fund	2012-13 ^(d) Enacted Net General Fund	Dollar Change	Percent Change	AAGR
University of Kentucky	\$335,071,000 ^(b)	\$283,869,300	(\$51,201,700)	-15.3%	-3.3%
University of Louisville	168,572,300	141,194,800	(27,377,500)	-16.2%	-3.5%
Eastern Kentucky University	79,761,400	67,673,700	(12,087,700)	-15.2%	-3.2%
Kentucky State University	27,441,700	23,537,400	(3,904,300)	-14.2%	-3.0%
Morehead State University	48,202,100	41,016,400	(7,185,700)	-14.9%	-3.2%
Murray State University	56,068,700	48,005,800	(8,062,900)	-14.4%	-3.1%
Northern Kentucky University	55,099,500	46,835,100	(8,264,400)	-15.0%	-3.2%
Western Kentucky University	85,115,600	72,425,200	(12,690,400)	-14.9%	-3.2%
KCTCS	228,704,900 ^(c)	191,455,700	(37,249,200)	-16.3%	-3.5%
System Totals	<u>\$1,084,037,200</u>	<u>\$916,013,400</u>	<u>(\$168,023,800)</u>	-15.5%	-3.3%

^(a) Total General Fund appropriations, net of debt service and UofL hospital contract, as enacted in HB 380, the 2006-08 Budget of the Commonwealth.

^(b) Includes \$2,000,000 special session appropriation for UK's Center for Applied Energy Research.

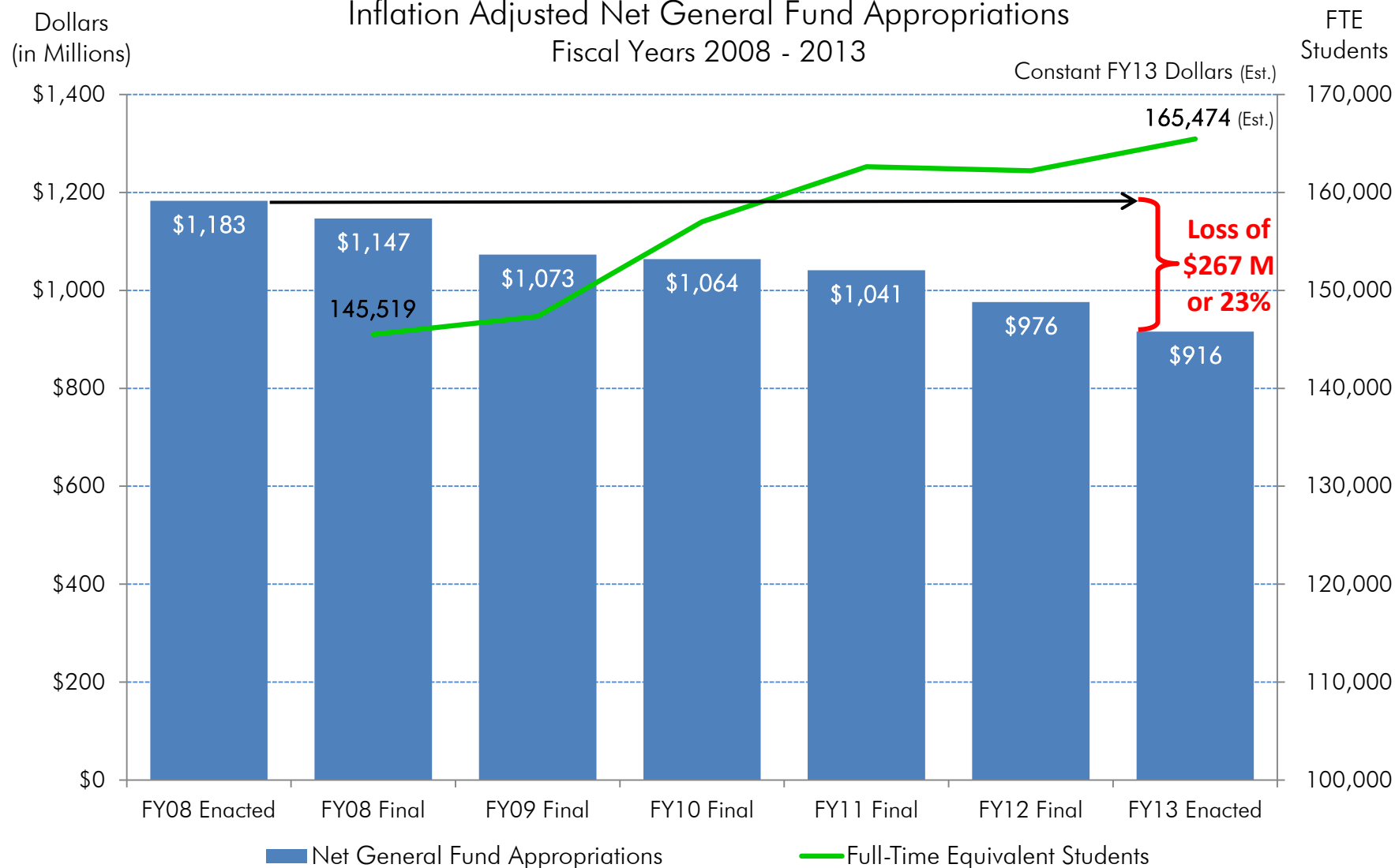
^(c) Includes \$2,373,800 reorganization transfer to KCTCS for Kentucky Board of Emergency Medical Services.

^(d) Total General Fund appropriations, net of debt service and UofL hospital contract, as enacted in HB 265, the 2012-14 Budget of the Commonwealth.

AAGR - Average Annual Growth Rate.

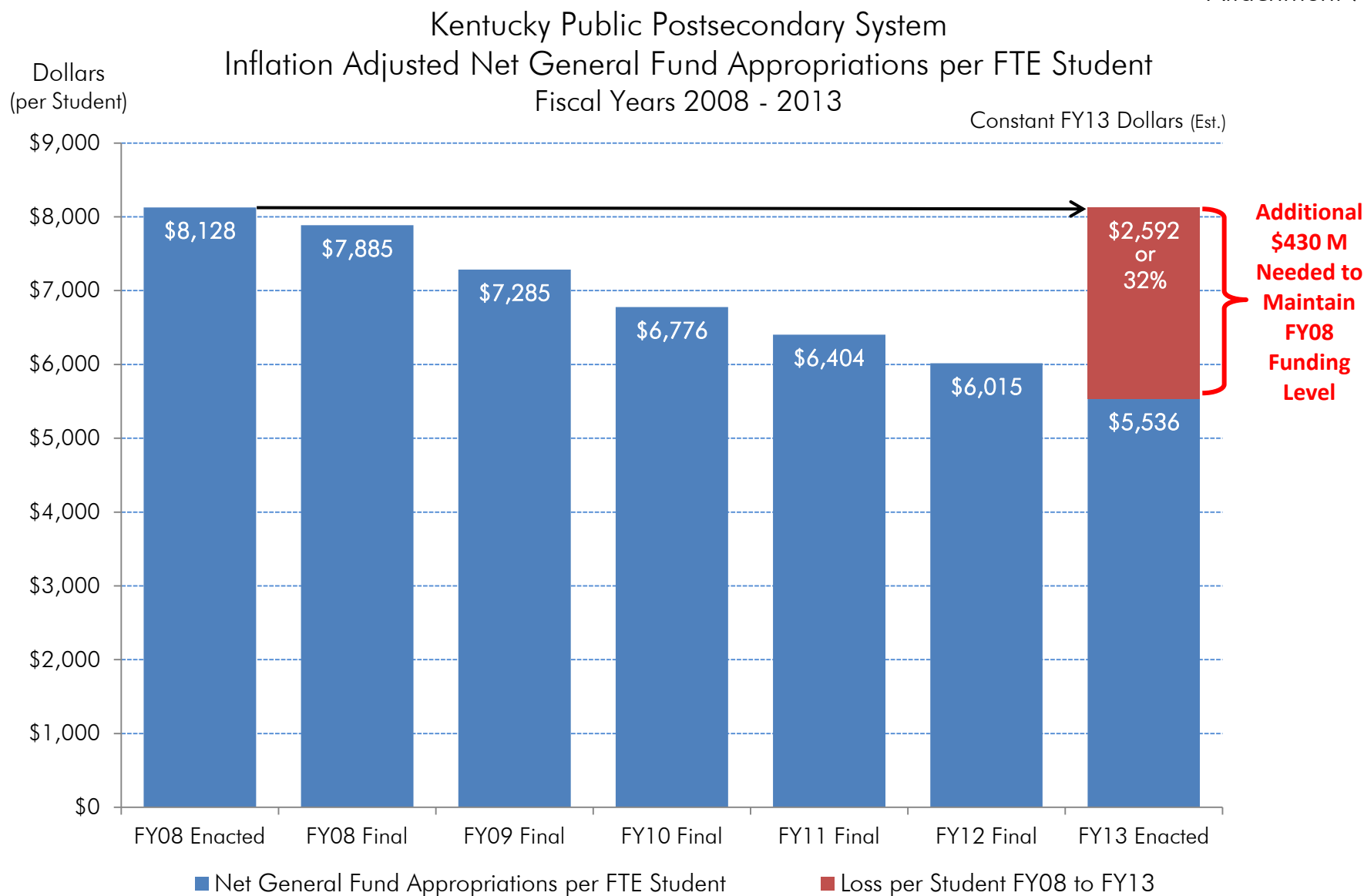
Source: Kentucky Budget of the Commonwealth.

Kentucky Public Postsecondary System Inflation Adjusted Net General Fund Appropriations Fiscal Years 2008 - 2013



Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database; Commonfund Institute, Higher Education Price Index (HEPI).

Assumptions: 2.0% enrollment growth; and 1.7% increase in inflation in FY13.



Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database; Commonfund Institute, Higher Education Price Index (HEPI).

Assumptions: 2.0% enrollment growth; and 1.7% increase in inflation in FY13.

Kentucky Public Postsecondary Institution
 Projected Increases in Facilities Maintenance and Operations Expense
 Fiscal Years 2009 - 2014

Institution	Historical M&O 2008-12 ^(a)	New M&O 2012-13	New M&O 2013-14
University of Kentucky	\$6,459,400	\$261,900	\$66,900
University of Louisville	6,504,600	471,600	125,900
Eastern Kentucky University	3,898,000	0	0
Kentucky State University	521,000	249,300	229,700
Morehead State University	2,924,300	0	0
Murray State University	762,600	0	0
Northern Kentucky University	4,393,900	0	0
Western Kentucky University	3,299,400	0	0
KCTCS	8,273,300	264,800	1,409,500
Total	\$37,036,500	\$1,247,600	\$1,832,000

^(a) Includes M&O for facilities that came online between 2008-09 and 2011-12, which was requested in the Council's 2010-12 budget recommendation, but not funded.

Source: Kentucky Council on Postsecondary Education, 2010-12 Biennial Budget Recommendation.

Council on Postsecondary Education
 2012-14 Biennial Budget Recommendation
 Requested Appropriations for Facilities Maintenance and Operations

Institution	2012-13 ^(b) M&O Request	2013-14 M&O Request	Biennial Total
University of Kentucky	\$6,721,300	\$66,900	\$6,788,200
University of Louisville	6,976,200	125,900	7,102,100
Eastern Kentucky University	3,898,000	0	3,898,000
Kentucky State University	770,300	229,700	1,000,000
Morehead State University	2,924,300	0	2,924,300
Murray State University	762,600	0	762,600
Northern Kentucky University	4,393,900	0	4,393,900
Western Kentucky University	3,299,400	0	3,299,400
KCTCS	8,538,100	1,409,500	9,947,600
Total	\$38,284,100	\$1,832,000	\$40,116,100

^(b) Includes M&O for facilities that came online between 2008-09 and 2011-12, which was requested in the Council's 2010-12 budget recommendation, as well as M&O for 2012-13.

Source: Kentucky Council on Postsecondary Education, 2012-14 Biennial Budget Recommendation.

Kentucky Public Postsecondary Institution
 Projected Budgetary Impact of Unavoidable Cost Increases
 Fiscal Year 2013-14

Institution	2012-13 ^(a) Enacted Net General Fund	Projected Fixed Cost Increases in 2013-14		
		Increase in ^(b) KERS & KTRS Contributions	Other Fixed ^(c) Cost Increases	Total Potential Reductions
University of Kentucky	283,869,300	-	(16,800,934) ^(d)	(16,800,934)
University of Louisville	141,194,800	-	(14,247,994) ^(d)	(14,247,994)
Eastern Kentucky University	67,673,700	(185,348)	(1,778,684)	(1,964,032)
Kentucky State University	23,537,400	(35,681)	(876,275)	(911,956)
Morehead State University	41,016,400	(472,982)	(3,992,883)	(4,465,865)
Murray State University	48,005,800	(473,237)	(2,082,656)	(2,555,893)
Northern Kentucky University	46,835,100	(1,700,000)	(2,111,600)	(3,811,600)
Western Kentucky University	72,425,200	(850,000)	(3,773,000)	(4,623,000)
KCTCS	191,455,700	(1,363,200)	(10,694,000)	(12,057,200)
System Totals	916,013,400	(5,080,448)	(56,358,027)	(61,438,474)

^(a) Total General Fund appropriations, net of debt service and UofL hospital contract, as enacted in HB 265, the 2012-14 Budget of the Commonwealth.

^(b) Increase in employer retirement contributions and health insurance premiums associated with KERS and KTRS rate increases.

^(c) Estimated increase in selected fixed costs such as utilities, contractual obligations, workers' compensation, and unemployment compensation.

^(d) UK and UofL do not participate in KERS or KTRS. The anticipated increase in employer retirement contributions at UK and UofL are included in the "Other Fixed Cost Increases" column.

Projected Increase in Net Tuition & Fee Revenue at Different Levels of Rate Increase ^{(e)(f)}

Institution	Uniform Increases Across Sectors			
	Tuition Revenue @ 2% Increase	Tuition Revenue @ 3% Increase	Tuition Revenue @ 4% Increase	Tuition Revenue @ 5% Increase
University of Kentucky	4,761,528	7,142,292	9,523,056	11,903,820
University of Louisville	3,363,930	5,045,895	6,727,860	8,409,825
Eastern Kentucky University	1,867,243	2,800,864	3,734,486	4,668,107
Kentucky State University	324,240	486,360	648,480	810,599
Morehead State University	1,014,268	1,521,402	2,028,536	2,535,670
Murray State University	1,408,694	2,113,041	2,817,388	3,521,734
Northern Kentucky University	1,718,200	2,577,300	3,436,400	4,295,500
Western Kentucky University	2,296,640	3,444,960	4,593,280	5,741,600
KCTCS	4,256,000	6,384,000	8,512,000	10,640,000
System Totals	21,010,742	31,516,114	42,021,485	52,526,856

^(e) Incremental increase in gross tuition and fee revenue, net of institutional scholarships and waivers. Assumes flat student enrollment growth and uniform levels of rate increase across all categories of students (i.e., every academic level, residency, and full-time/part-time status) under each rate level scenario.

^(f) At most institutions, a proportion of tuition and mandatory fee revenue is designated as restricted funds and cannot be used to cover fixed cost increases.

Kentucky Public Postsecondary Institution
Annual Tuition and Mandatory Fees for Full-Time Resident Undergraduate Students ⁽¹⁾
Academic Years 2008 - 2013

Institution	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Total Change	5-Year AAGR
University of Kentucky ⁽²⁾	7,199	7,848	8,241	8,735	9,260	9,816	36.4%	6.4%
University of Louisville ⁽³⁾	6,870	7,564	7,944	8,424	9,126	9,662	40.6%	7.1%
Eastern Kentucky University	5,682	6,080	6,312	6,624	6,960	7,320	28.8%	5.2%
Kentucky State University	5,320	5,692	5,920	6,216	6,534	6,858	28.9%	5.2%
Morehead State University ⁽³⁾	5,280	5,670	6,038	6,492	6,942	7,284	38.0%	6.6%
Murray State University	5,418	5,748	5,976	6,264	6,576	6,840	26.2%	4.8%
Northern Kentucky University ⁽³⁾	5,952	6,528	6,792	7,128	7,584	8,064	35.5%	6.3%
Western Kentucky University ⁽³⁾	6,416	6,930	7,200	7,560	8,084	8,472	32.0%	5.7%
KCTCS	3,450	3,630	3,750	3,900	4,050	4,200	21.7%	4.0%
Research Sector Average	7,035	7,706	8,093	8,580	9,193	9,739	38.4%	6.7%
Comprehensive Sector Average	5,678	6,108	6,373	6,714	7,113	7,473	31.6%	5.6%
Two-Year College Sector Average	3,450	3,630	3,750	3,900	4,050	4,200	21.7%	4.0%
Postsecondary System Average	5,732	6,188	6,464	6,816	7,235	7,613	32.8%	5.8%

⁽¹⁾ Full-time comparison rates for resident undergraduate students taking 15 credit hours per semester for two semesters, or 30 credit hours per year.

⁽²⁾ Undergraduate rates for UK are an average of upper and lower division rates.

⁽³⁾ Beginning in 2011-12, figures for UofL, MoSU, NKU, and WKU include student requested and Council approved Special Use Fees.

AAGR -- Average Annual Growth Rate.

Source: CPE Comprehensive Database.

Previous Six-Year Period	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	Total Change	5-Year AAGR
Postsecondary System Average	3,127	3,610	4,189	4,725	5,272	5,732	83.3%	12.9%

Research Universities in Kentucky and Surrounding States
Average Resident Undergraduate Tuition and Required Fees
Academic Years 2000 and 2012

State	1999-00 Resident UG Tuition & Fees	2011-12 Resident UG Tuition & Fees	Dollar Change	Percent Change	AAGR	1999-00 Rank	2011-12 Rank
Illinois	4,770	14,581	9,811	205.7%	9.8%	1	1
Virginia	4,130	11,786	7,656	185.4%	9.1%	5	2
Ohio	4,137	9,735	5,598	135.3%	7.4%	4	3
Indiana	4,212	9,524	5,312	126.1%	7.0%	3	4
Kentucky	3,271	9,029	5,758	176.0%	8.8%	6	5
Missouri	4,581	8,989	4,408	96.2%	5.8%	2	6
Tennessee	3,104	8,396	5,292	170.5%	8.6%	7	7
West Virginia	2,748	5,674	2,926	106.5%	6.2%	8	8

Source: Integrated Postsecondary Education Data System.

Comprehensive Universities in Kentucky and Surrounding States
Average Resident Undergraduate Tuition and Required Fees
Academic Years 2000 and 2012

State	1999-00 Resident UG Tuition & Fees	2011-12 Resident UG Tuition & Fees	Dollar Change	Percent Change	AAGR	1999-00 Rank	2011-12 Rank
Illinois	3,674	9,788	6,114	166.4%	8.5%	2	1
Ohio	4,330	9,070	4,740	109.5%	6.4%	1	2
Virginia	3,631	8,626	4,995	137.6%	7.5%	3	3
Indiana	3,556	8,270	4,714	132.6%	7.3%	4	4
Kentucky	2,386	6,992	4,606	193.0%	9.4%	8	5
Tennessee	2,626	6,714	4,088	155.7%	8.1%	6	6
Missouri	2,866	6,186	3,320	115.8%	6.6%	5	7
West Virginia	2,505	5,357	2,852	113.9%	6.5%	7	8

Source: Integrated Postsecondary Education Data System.

Community Colleges in Kentucky and Surrounding States
 Change in Average Resident Tuition and Required Fees
 Between Academic Years 1999-00 and 2011-12

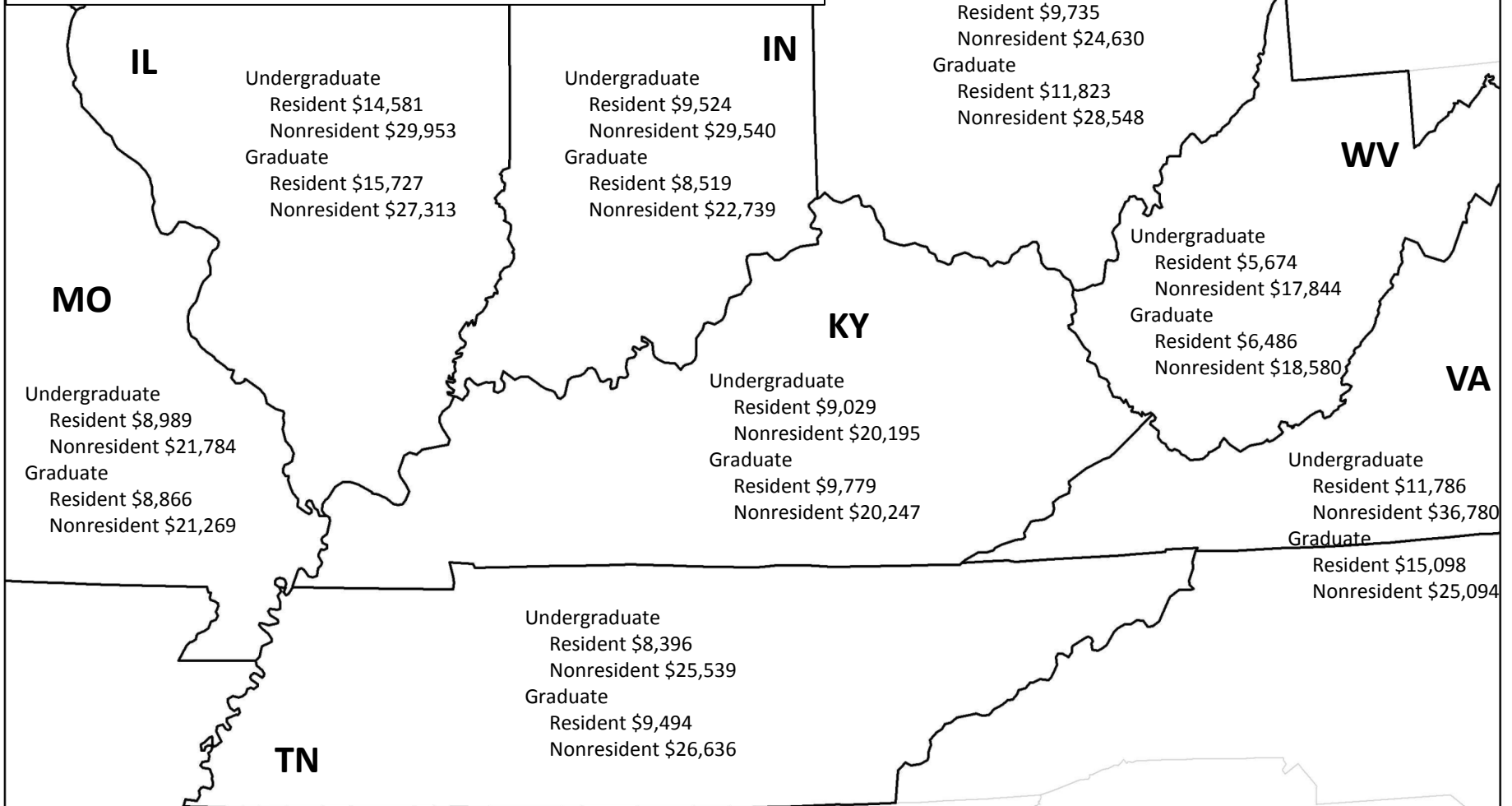
State	1999-00 Resident Tuition & Fees	2011-12 Resident Tuition & Fees	Dollar Change	Percent Change	AAGR	1999-00 Rank	2011-12 Rank
Kentucky	1,180	4,050	2,870	243.2%	10.8%	7	1
Missouri	1,404	3,780	2,376	169.2%	8.6%	5	2
Virginia	1,159	3,570	2,411	208.0%	9.8%	8	3
Tennessee	1,308	3,532	2,224	170.0%	8.6%	6	4
Ohio	2,045	3,486	1,441	70.5%	4.5%	2	5
Indiana	2,540	3,354	814	32.0%	2.3%	1	6
Illinois	1,426	3,117	1,691	118.6%	6.7%	4	7
West Virginia	1,610	2,868	1,258	78.1%	4.9%	3	8

Source: Washington Student Achievement Council, preliminary and subject to change.

Research Universities

Average 2011-12 Tuition and Required Fees

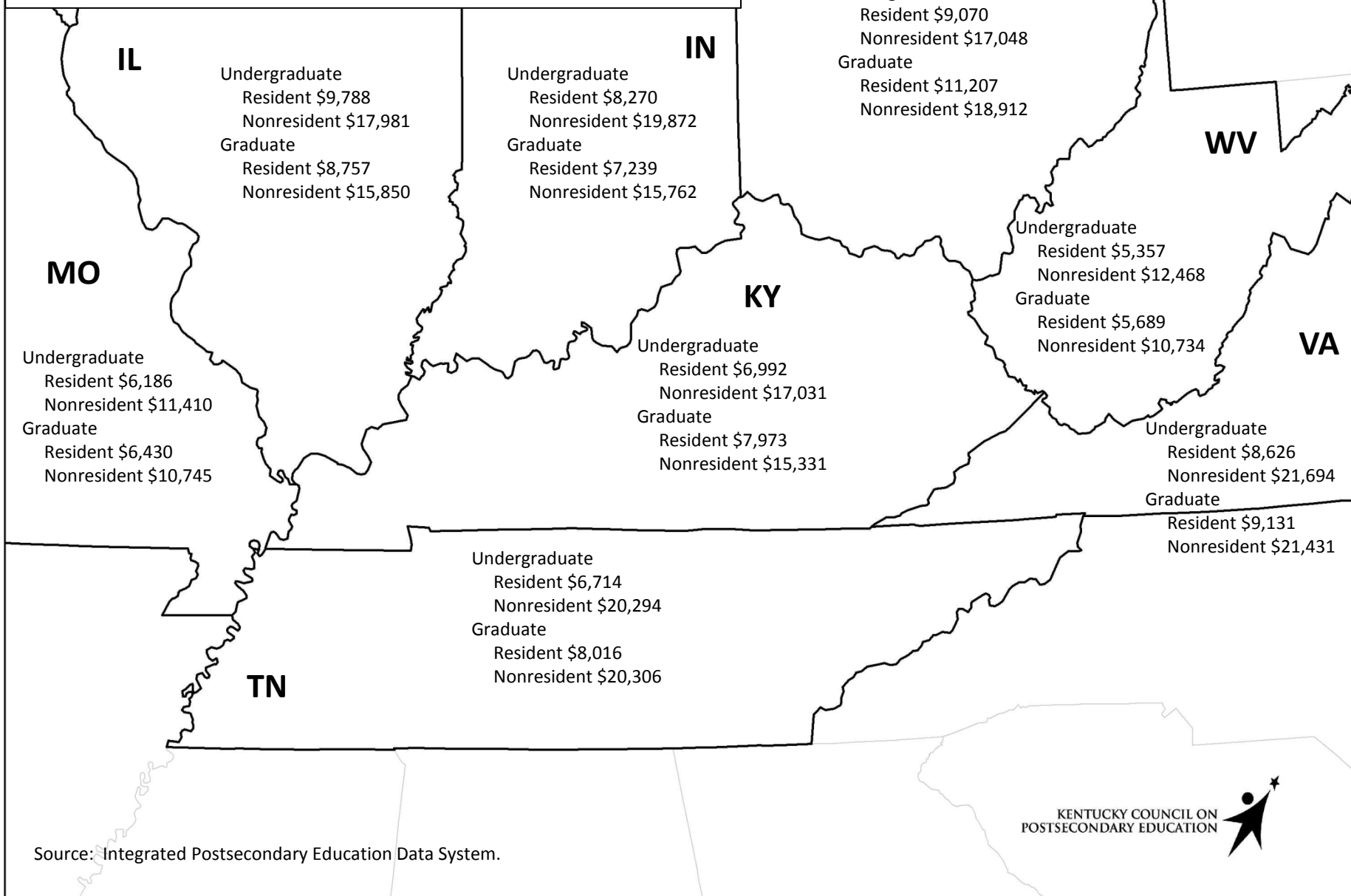
By State, Level, and Residency



Comprehensive Universities

Average 2011-12 Tuition and Required Fees

By State, Level, and Residency



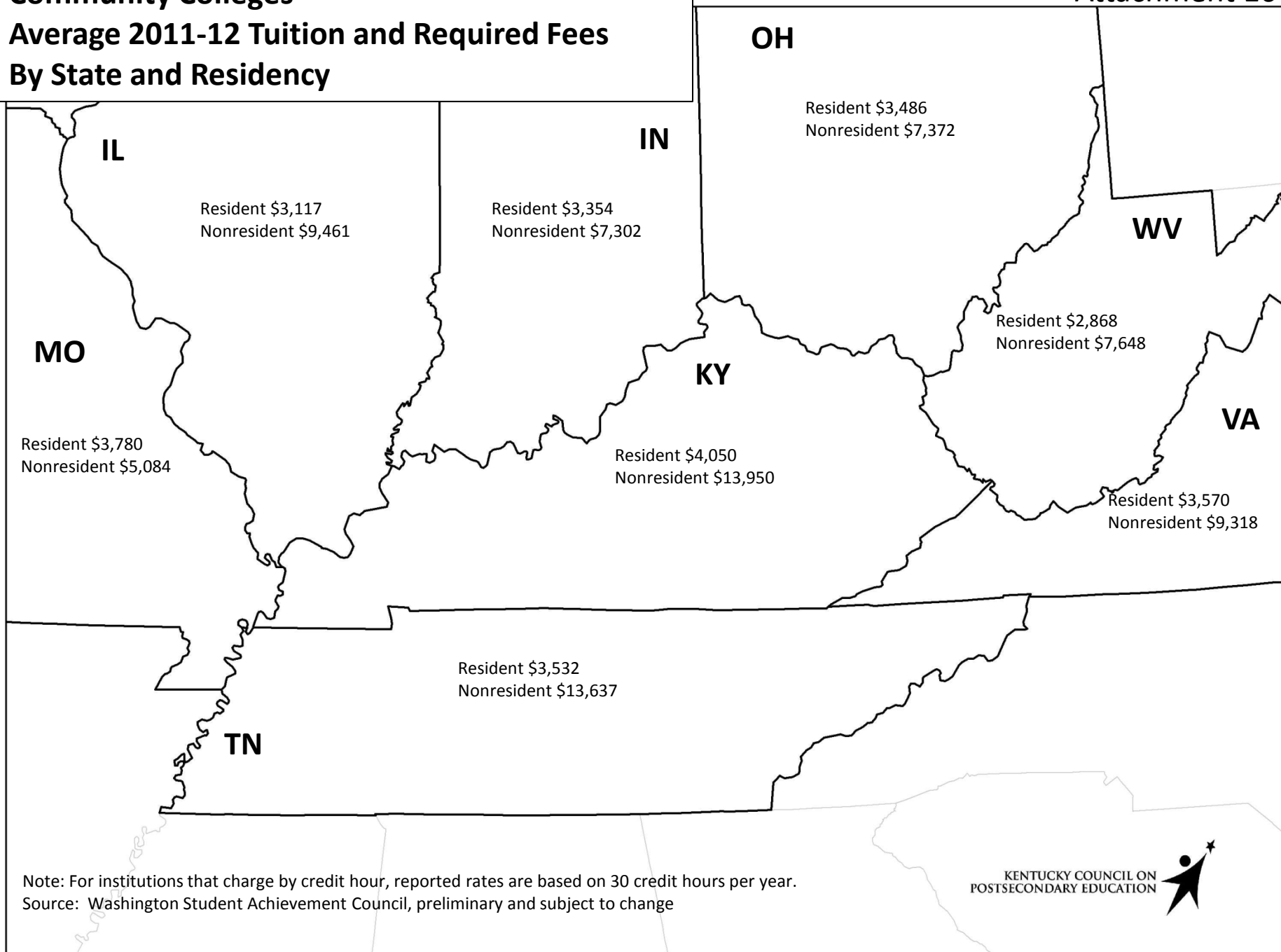
Source: Integrated Postsecondary Education Data System.

KENTUCKY COUNCIL ON
POSTSECONDARY EDUCATION



Community Colleges Average 2011-12 Tuition and Required Fees By State and Residency

Attachment 16



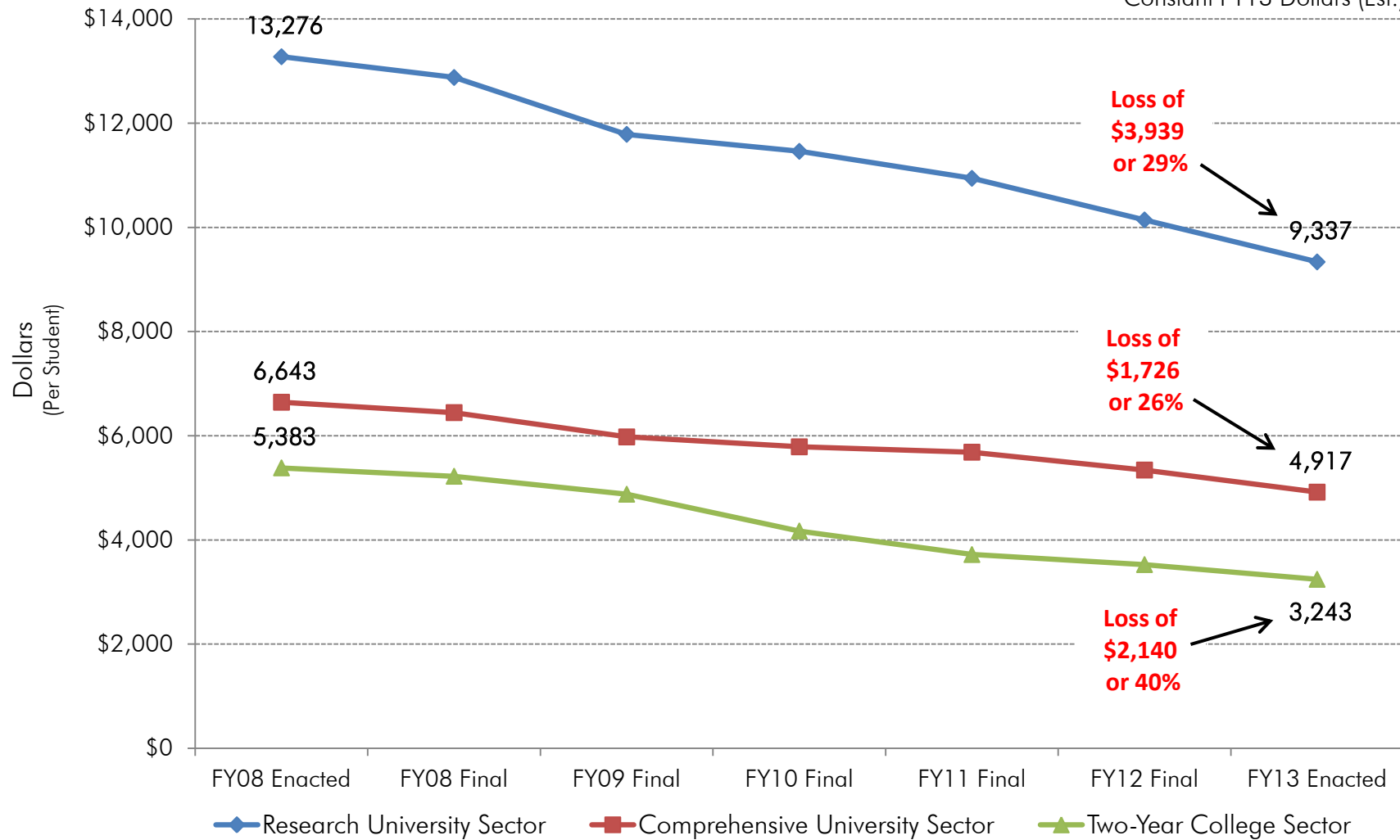
Note: For institutions that charge by credit hour, reported rates are based on 30 credit hours per year.
Source: Washington Student Achievement Council, preliminary and subject to change

KENTUCKY COUNCIL ON
POSTSECONDARY EDUCATION



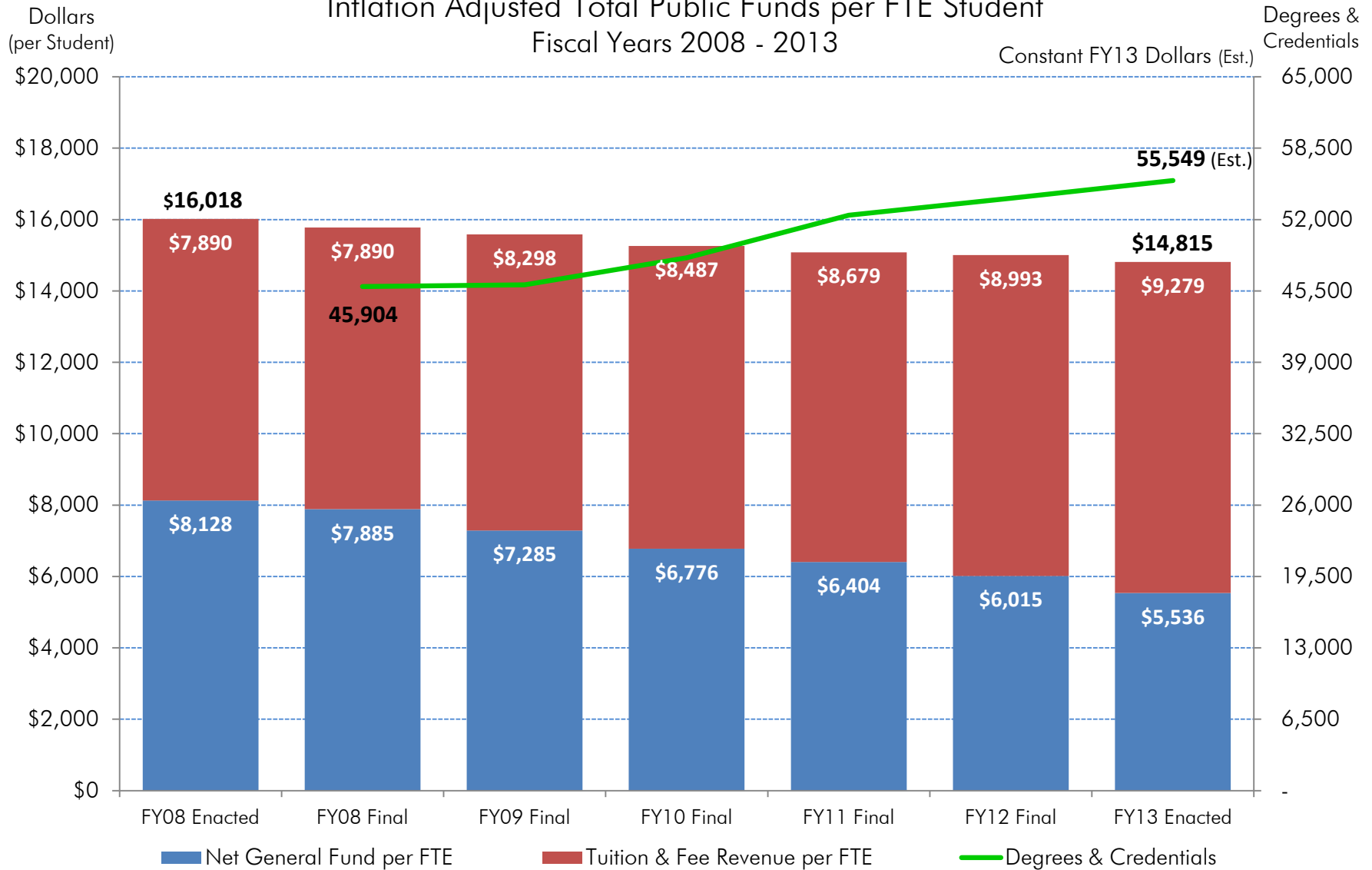
Kentucky Public Postsecondary Sector Inflation Adjusted Net General Fund Appropriations per FTE Student Fiscal Years 2008 - 2013

Constant FY13 Dollars (Est.)



Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database; Commonfund Institute, Higher Education Price Index (HEPI).

Kentucky Public Postsecondary System Inflation Adjusted Total Public Funds per FTE Student Fiscal Years 2008 - 2013

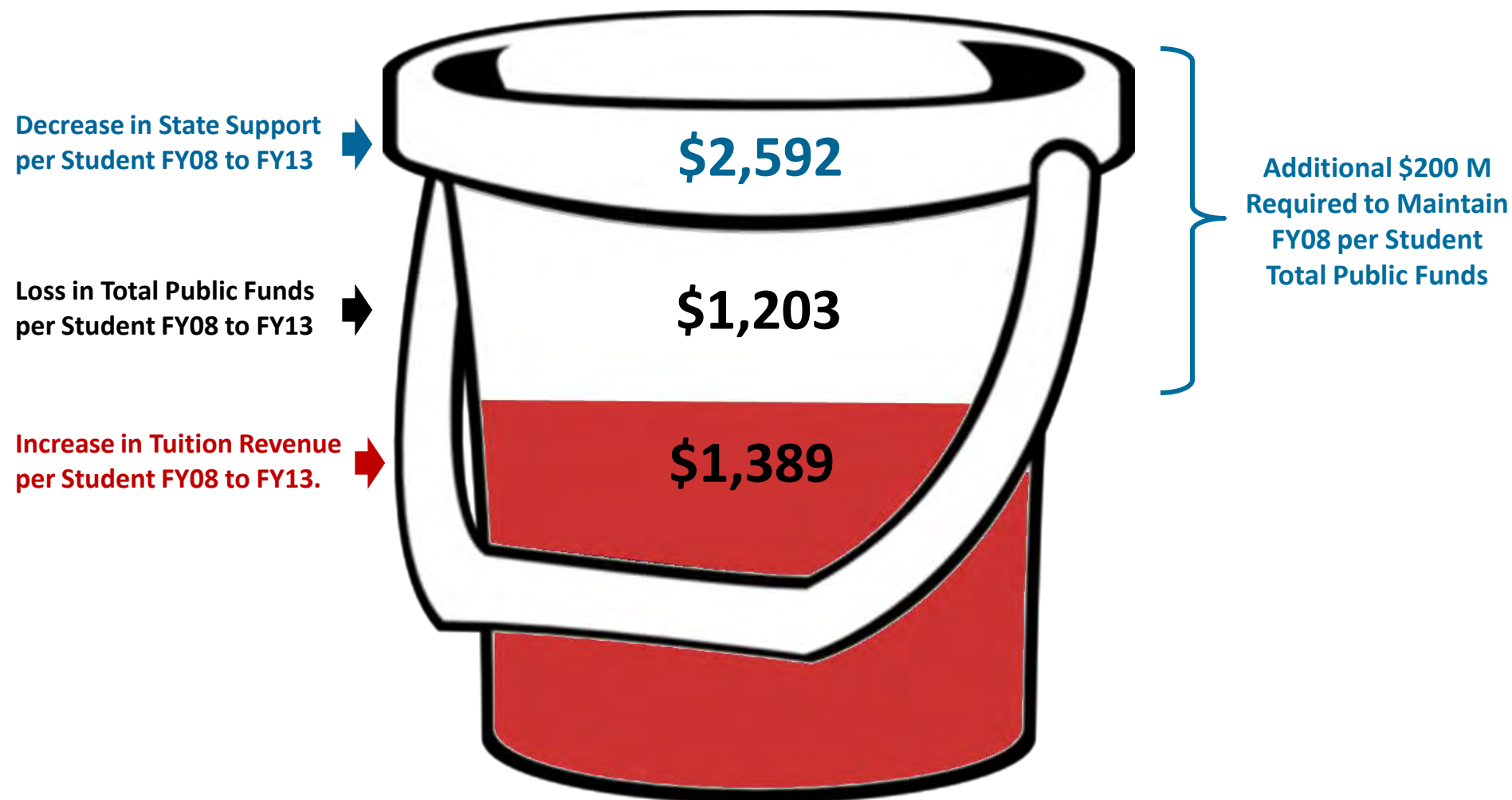


Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database; Commonfund Institute, Higher Education Price Index (HEPI).

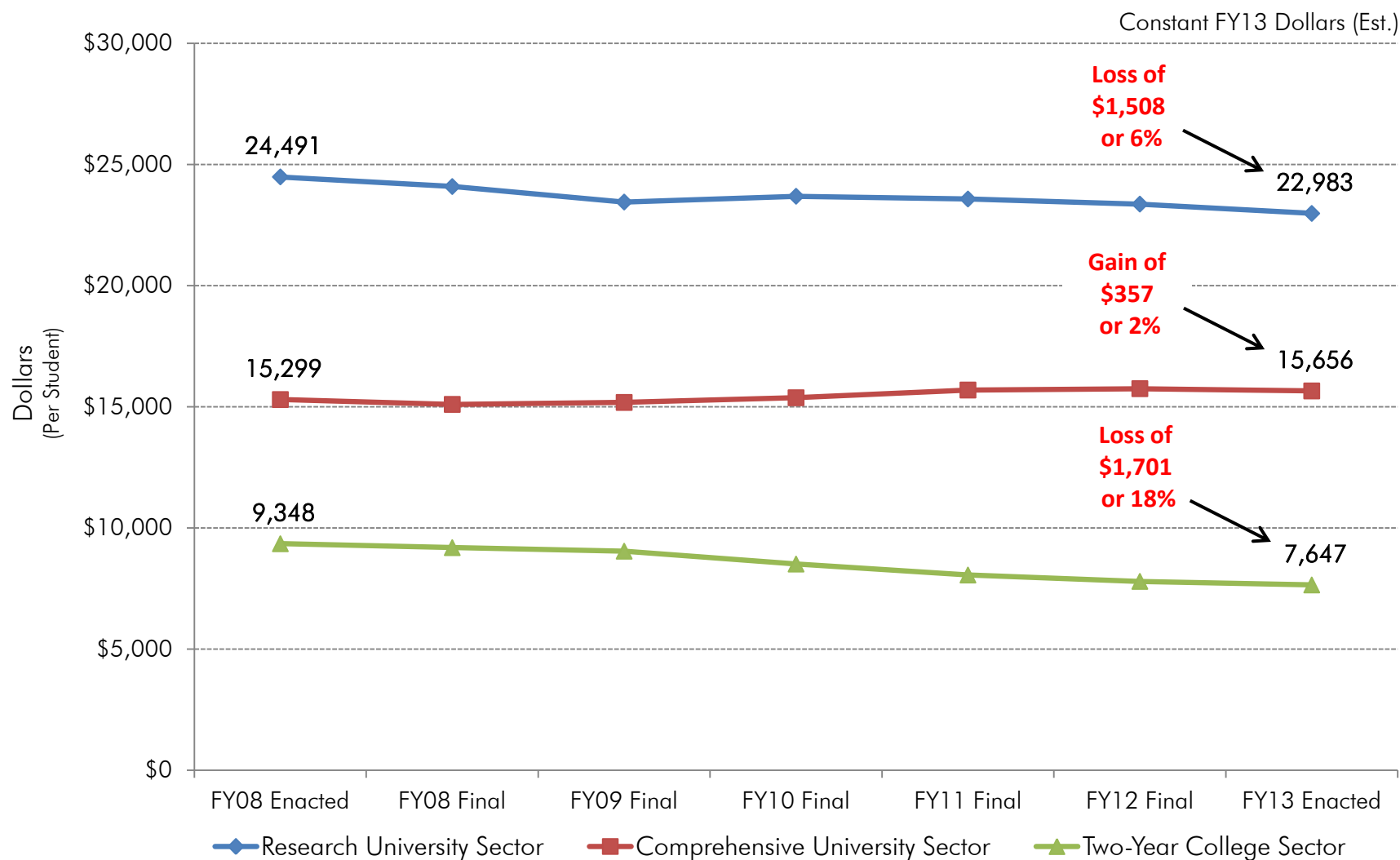
Assumptions: 2.0% enrollment growth; 1.7% increase in inflation; 7.0% tuition and fee revenue growth; and 3.0 % increase in degrees in FY13.

Kentucky Public Postsecondary System
Analysis of Public Funds Revenue Components
Fiscal Years 2008 – 2013

(Dollars per Student)



Kentucky Public Postsecondary Sector Inflation Adjusted Total Public Funds per FTE Student Fiscal Years 2008 - 2013

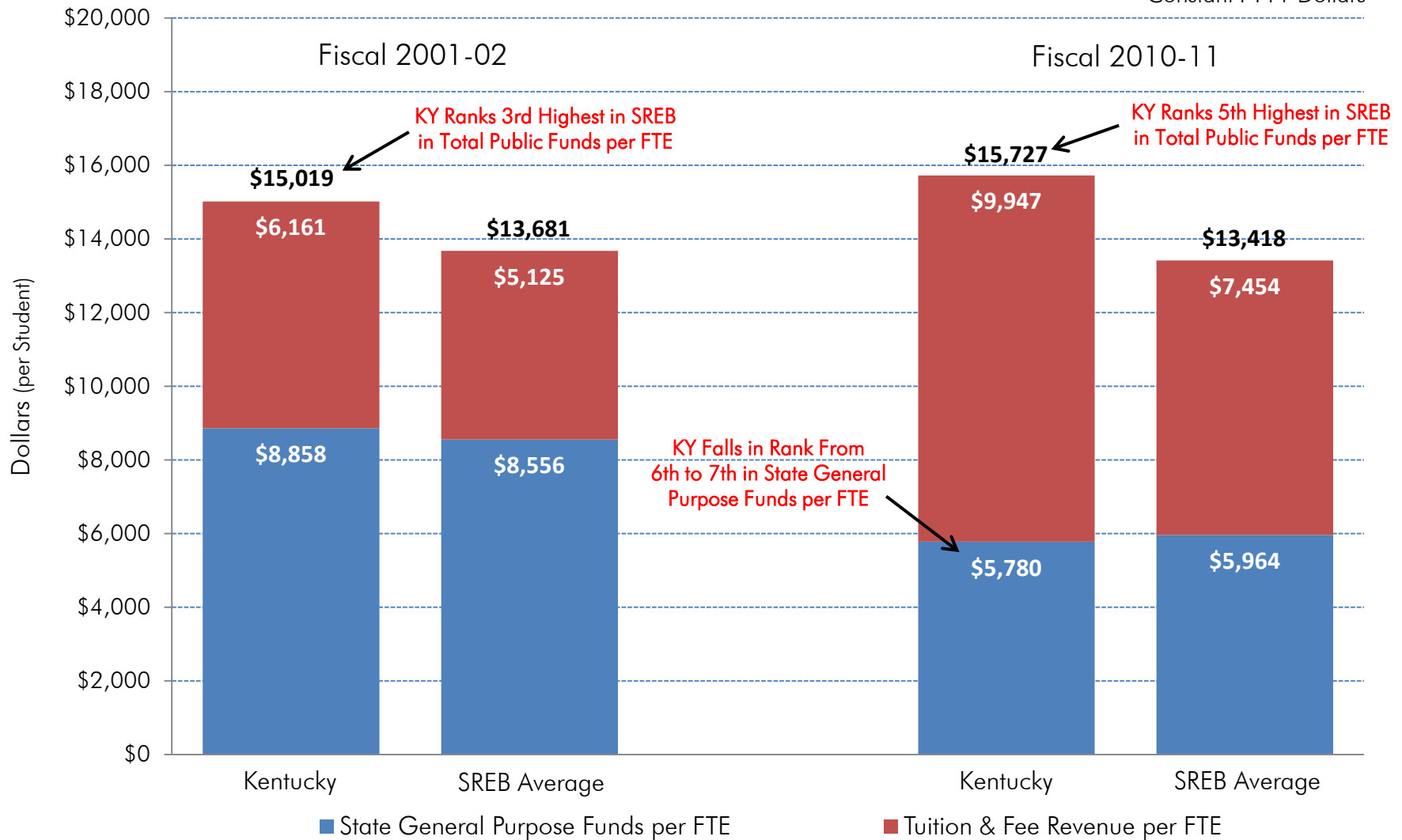


Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database; Commonfund Institute, Higher Education Price Index (HEPI).

Kentucky Public Four-Year University & SREB Average
Inflation Adjusted Total Public Funds Per FTE Student
Fiscal Years 2001-02 and 2010-11

Attachment 21

Constant FY11 Dollars

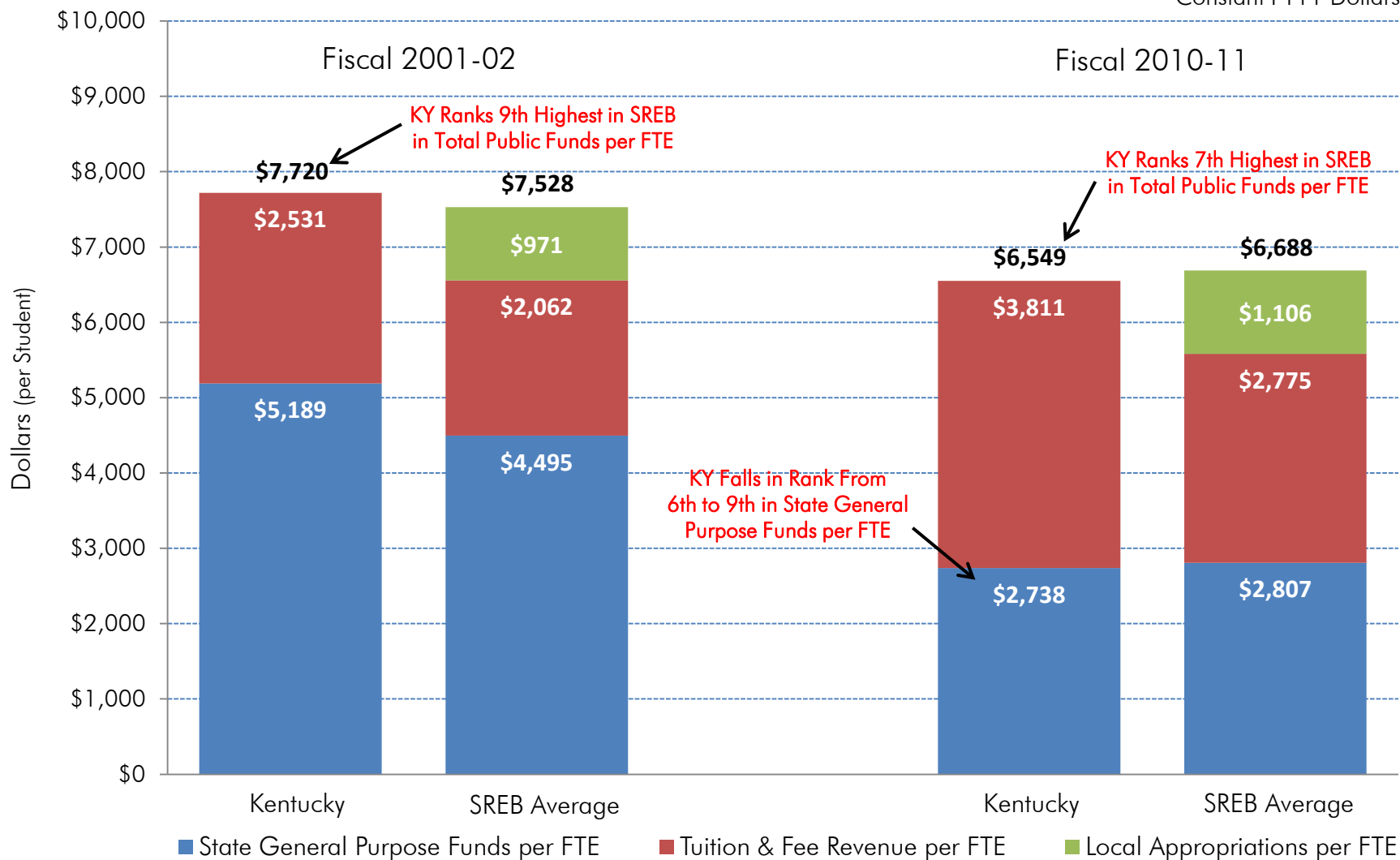


Source: SREB, State Data Exchange.

Kentucky Public Two-Year College & SREB Average Inflation Adjusted Total Public Funds Per FTE Student Fiscal Years 2001-02 and 2010-11

Attachment 22

Constant FY11 Dollars



Source: SREB, State Data Exchange.

Kentucky Public Postsecondary Institution
 Student Share of Total Public Funds ⁽¹⁾
 Fiscal Years 1999-2012

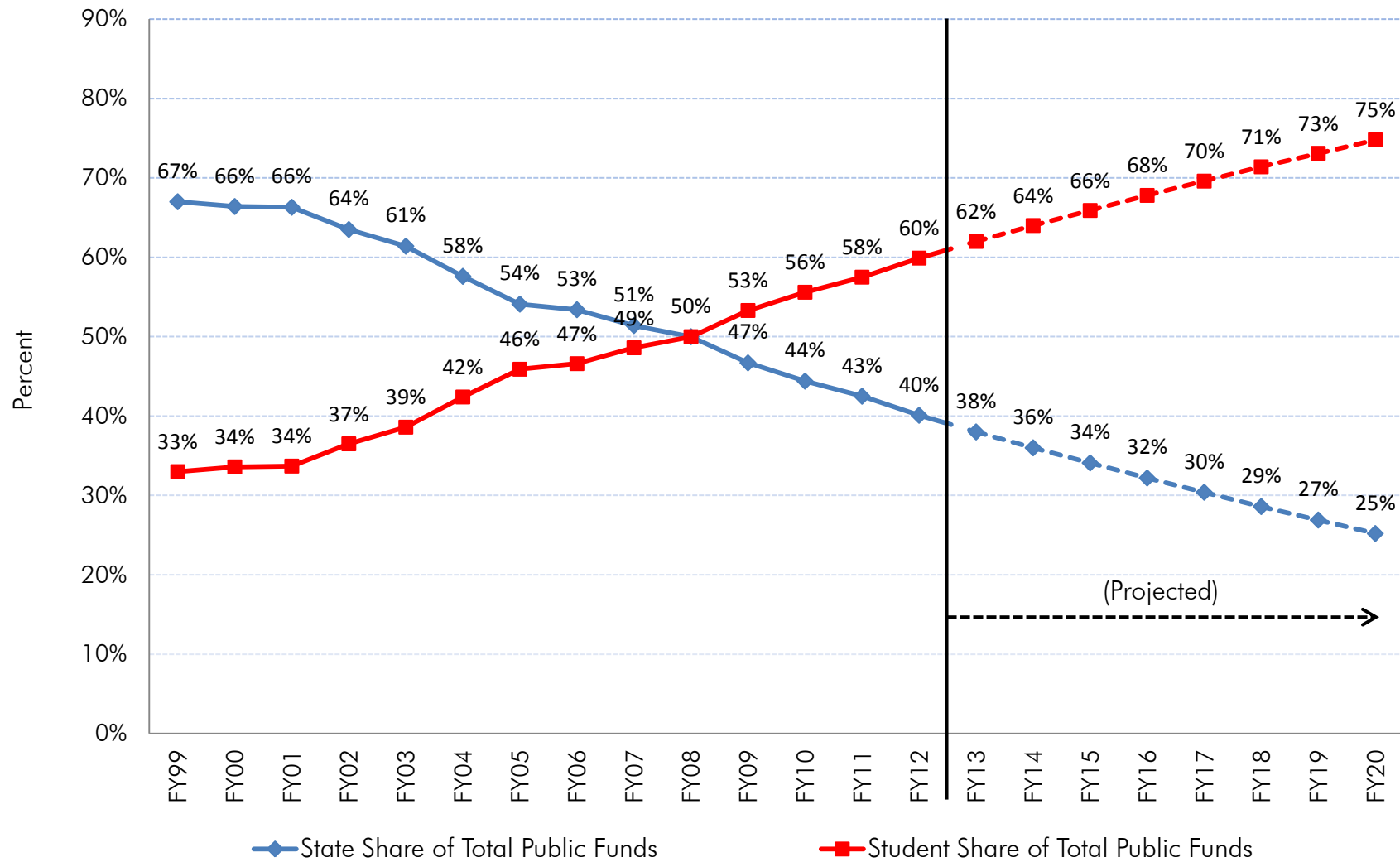
Institution/Sector	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
University of Kentucky	27%	28%	28%	30%	31%	35%	39%	40%	42%	42%	46%	48%	49%	53%
University of Louisville	34%	35%	35%	39%	41%	44%	47%	48%	51%	53%	56%	58%	60%	63%
Eastern Kentucky University	38%	38%	37%	40%	41%	45%	49%	52%	54%	56%	59%	61%	63%	65%
Kentucky State University	26%	30%	28%	31%	35%	36%	33%	35%	37%	38%	41%	45%	47%	49%
Morehead State University	38%	38%	38%	41%	43%	46%	48%	48%	50%	50%	55%	56%	58%	60%
Murray State University	37%	39%	39%	42%	44%	47%	51%	53%	56%	58%	60%	61%	62%	65%
Northern Kentucky University	55%	56%	55%	55%	58%	61%	64%	63%	63%	64%	68%	69%	71%	73%
Western Kentucky University	40%	41%	40%	43%	46%	52%	56%	57%	60%	60%	64%	66%	67%	69%
KCTCS	28%	27%	28%	32%	35%	39%	42%	41%	42%	43%	46%	51%	54%	55%
Research Sector	29%	31%	31%	33%	35%	38%	42%	43%	45%	47%	50%	52%	54%	57%
Comprehensive Sector	40%	41%	41%	43%	46%	50%	53%	54%	56%	57%	61%	62%	64%	66%
Two-Year College Sector	28%	27%	28%	32%	35%	39%	42%	41%	42%	43%	46%	51%	54%	55%
Postsecondary System	33%	34%	34%	37%	39%	42%	46%	47%	49%	50%	53%	56%	58%	60%

⁽¹⁾ Student Share is the gross tuition and fee revenue proportion of total public funds (i.e., $GTR \div TPF$).

Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database.

Kentucky Public Postsecondary System Change in State & Student Shares of Total Public Funds Fiscal Years 1999 - 2020

Attachment 24



Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database.

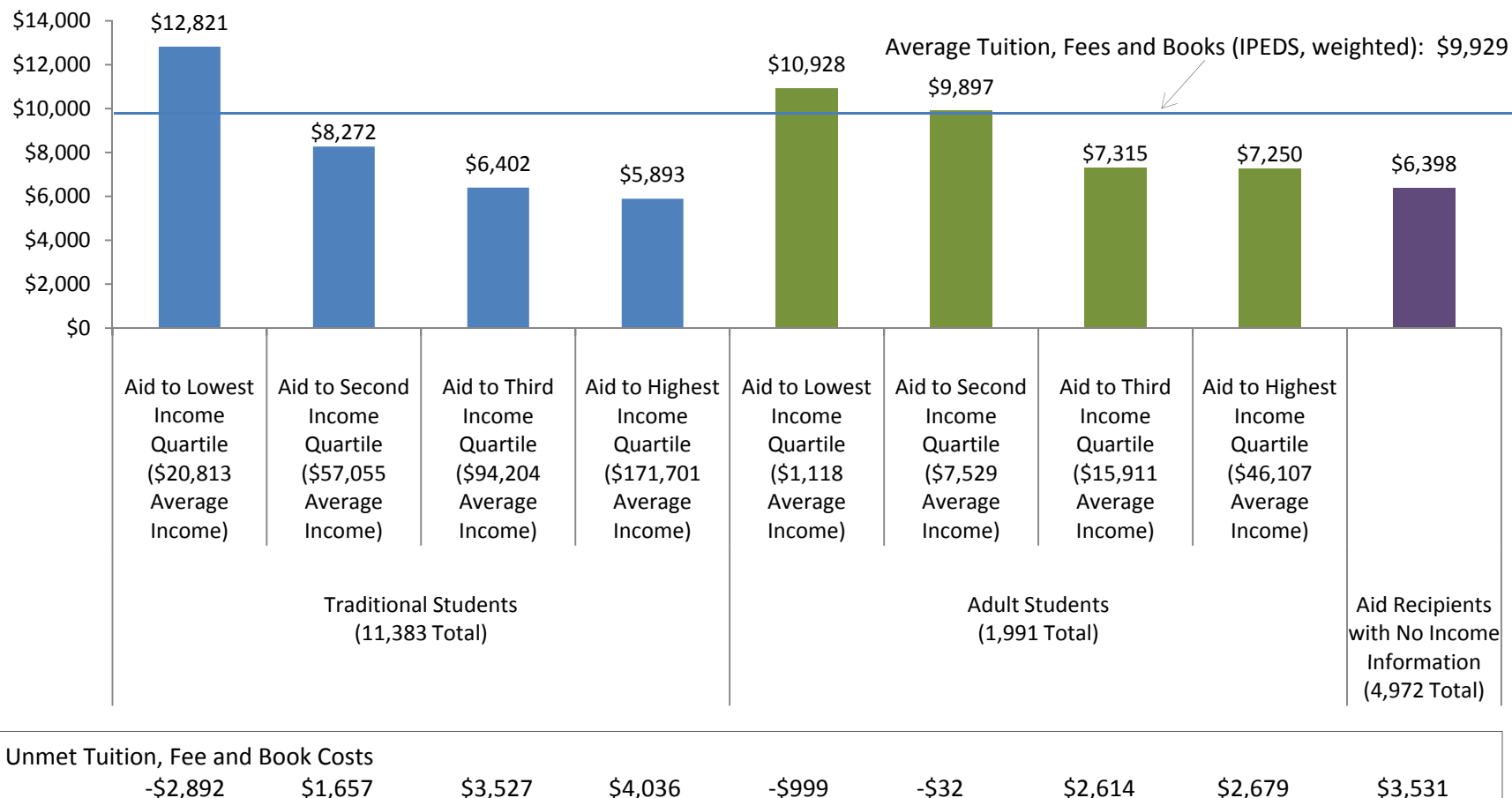
State Share = Net General Fund Appropriations ÷ Total Public Funds
 Student Share = Gross Tuition & Fee Revenue ÷ Total Public Funds

UK and UofL: Need and Merit-Based Aid by Student Type and Family Income

Full-Time, In-State, Undergraduates at Kentucky's Public Research Universities who Received Grants or Scholarships in 2011-12

Highlights

- * Grants and scholarships covered the full cost of tuition, fees and books for most students in the lowest income categories.
- * Even students in the highest income categories received significant support through KEES and institutional aid.
- * Seventy-four percent of full-time, in-state undergraduate students at research universities received grants in 2011-12 (fall 2011 enrollment).
- * Grants in excess of tuition were used to pay for room and board, which averaged an additional \$8,973 (IPEDS, weighted).



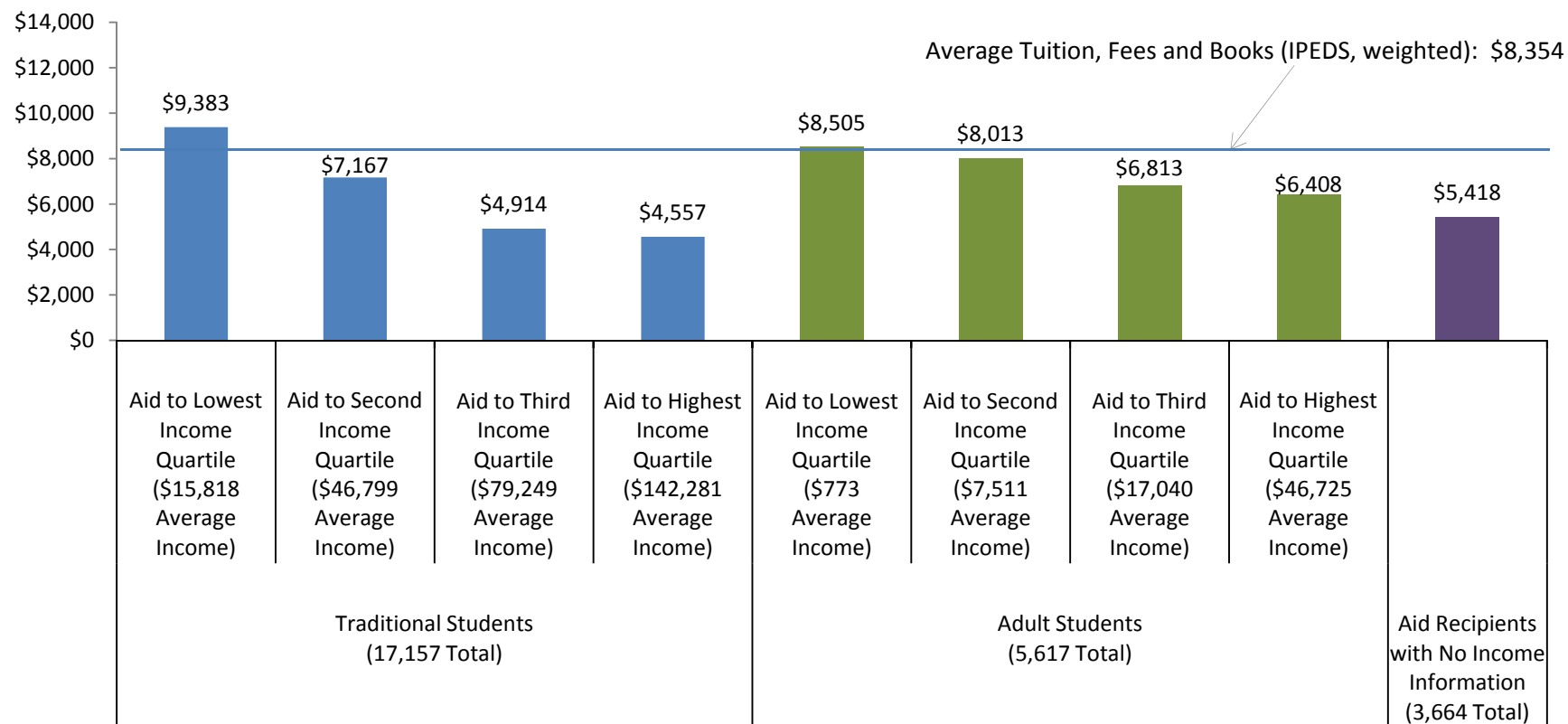
Notes: Aid includes all need and merit-based grants and scholarships from federal, state, institutional and other sources. Income quartiles rank all students in the sector within their dependency category by family income, and divide them into four equal-sized groups based on their income rank. Traditional students were under 25 years old and were claimed as dependents on their parents' taxes, while adult students filed taxes independently. Students without income information did not file the federal financial aid application, but are still eligible for KEES, institutional, and other grants.

Comprehensive Universities: Need and Merit-Based Aid by Student Type and Family Income

Full-Time, In-State, Undergraduates at Kentucky's Public Comprehensive Universities who Received Grants or Scholarships in 2011-12

Highlights

- * Grants and scholarships covered the full cost of tuition, fees and books for most students in the lowest income categories.
- * Even students in the high .
- * Seventy percent of full-time, in-state undergraduate students at comprehensive universities received grants in 2011-12 (fall 2011 enrollment).
- * Grants in excess of tuition were used to pay for room and board, which averaged an additional \$7,188 (IPEDS, weighted).



Unmet Tuition, Fee and Book Costs

-\$1,029 \$1,187 \$3,440 \$3,797 -\$151 \$341 \$1,541 \$1,946 \$2,936

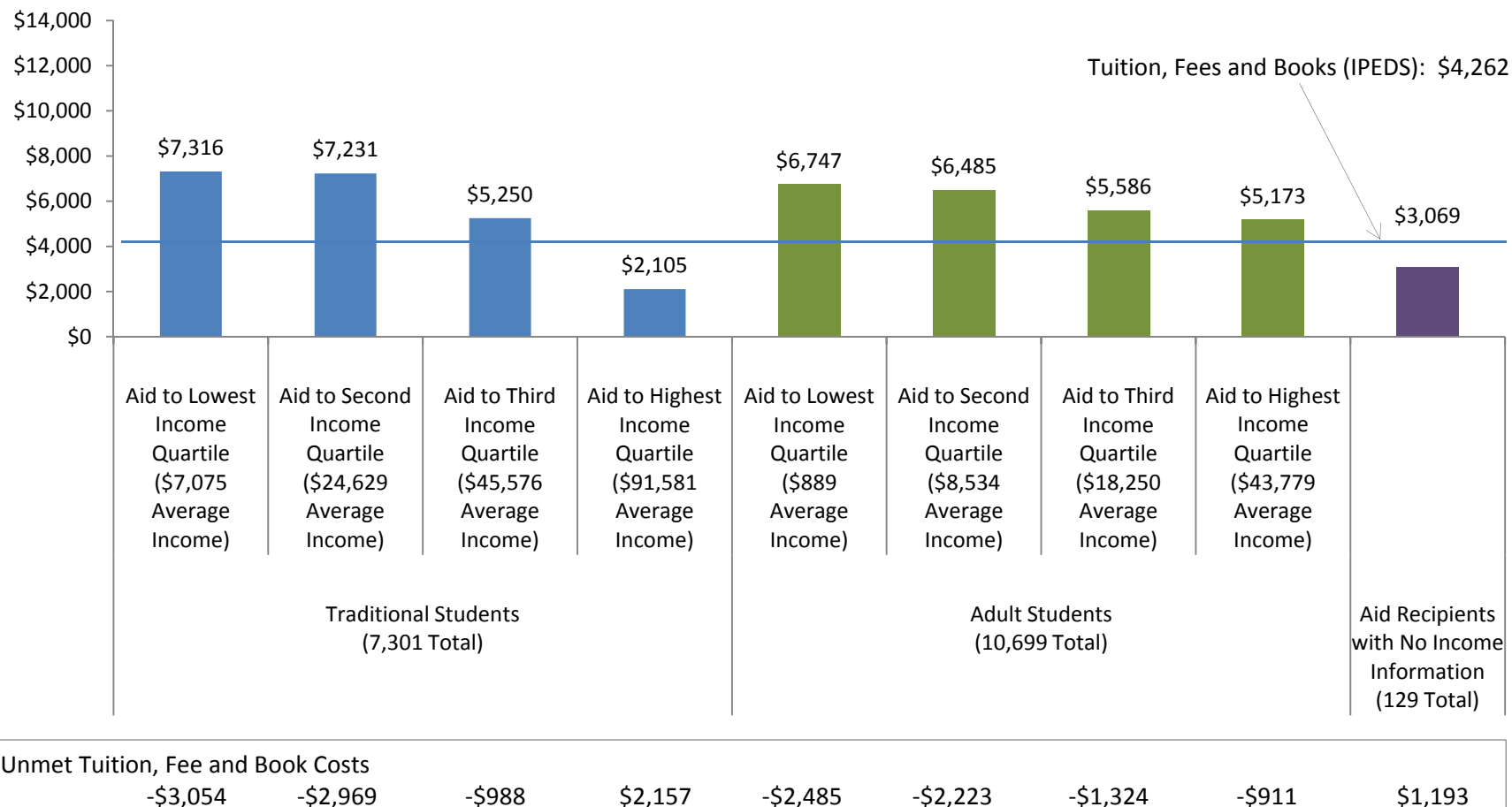
Notes: Aid includes all need and merit-based grants and scholarships from federal, state, institutional and other sources. Income quartiles rank all students in the sector within their dependency category by family income, and divides them into four equal-sized groups based on their income rank. Traditional students were under 25 years old and were claimed as dependents on their parents' taxes, while adult students filed taxes independently. Students without income information did not file the federal financial aid application, but are still eligible for KEES, institutional, and other grants.

KCTCS: Need and Merit-Based Aid by Student Type and Family Income

Full-Time, In-State, Students in the Kentucky Community and Technical College System who Received Grants or Scholarships in 2011-12

Highlights

- * Grants and scholarships covered the full cost of tuition, fees and books for most students in the lowest income categories.
- * Even students in the highest income categories received significant support through KEES and institutional aid.
- * Forty-five percent of full-time undergraduate students at KCTCS received grants in 2011-12 (fall 2011 enrollment).
- * Grants in excess of tuition were used to pay for off-campus rent, utilities and food, which KCTCS estimated at an additional \$6,975 (IPEDS).



Notes: Aid includes all need and merit-based grants and scholarships from federal, state, institutional and other sources. Income quartiles rank all students in the sector within their dependency category by family income, and divides them into four equal-sized groups based on their income rank. Traditional students were under 25 years old and were claimed as dependents on their parents' taxes, while adult students filed taxes independently. Students without income information did not file the federal financial aid application, but are still eligible for KEES, institutional, and other grants.

Kentucky Public Postsecondary Institution
Student Headcount Enrollment
Fall Semesters 2006 - 2011

Attachment 28

Undergraduate

Institution	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011	1-Year Number Change	1-Year Percent Change	5-Year Number Change	5-Year Percent Change
University of Kentucky	19,328	18,830	18,988	19,217	19,988	20,152	164	0.8%	824	4.3%
University of Louisville	15,103	15,125	15,495	15,619	15,818	15,772	(46)	-0.3%	669	4.4%
Sector Total	34,431	33,955	34,483	34,836	35,806	35,924	118	0.3%	1,493	4.3%
Eastern Kentucky University	13,623	13,659	13,839	13,991	14,396	13,902	(494)	-3.4%	279	2.0%
Kentucky State University	2,341	2,510	2,497	2,638	2,606	2,490	(116)	-4.5%	149	6.4%
Morehead State University	7,515	7,625	7,487	7,550	7,399	9,420	2,021	27.3%	1,905	25.3%
Murray State University	8,607	8,361	8,179	8,249	8,429	8,664	235	2.8%	57	0.7%
Northern Kentucky University	12,668	12,725	13,030	13,206	13,517	13,322	(195)	-1.4%	654	5.2%
Western Kentucky University	16,067	16,508	16,966	17,645	17,827	17,975	148	0.8%	1,908	11.9%
Sector Total	60,821	61,388	61,998	63,279	64,174	65,773	1,599	2.5%	4,952	8.1%
KCTCS	86,475	92,828	89,942	100,348	106,664	108,302	1,638	1.5%	21,827	25.2%
System Total	181,727	188,171	186,423	198,463	206,644	209,999	3,355	1.6%	28,272	15.6%
Change from Prior Year	-	3.5%	-0.9%	6.5%	4.1%	1.6%				

Graduate

Institution	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011	1-Year Number Change	1-Year Percent Change	5-Year Number Change	5-Year Percent Change
University of Kentucky	7,090	7,086	7,112	7,112	7,181	7,127	(54)	-0.8%	37	0.5%
University of Louisville	6,005	5,841	5,557	5,704	5,757	5,714	(43)	-0.7%	(291)	-4.8%
Sector Total	13,095	12,927	12,669	12,816	12,938	12,841	(97)	-0.7%	(254)	-1.9%
Eastern Kentucky University	2,140	2,180	2,192	2,277	2,171	2,160	(11)	-0.5%	20	0.9%
Kentucky State University	159	186	162	196	245	256	11	4.5%	97	61.0%
Morehead State University	1,510	1,441	1,494	1,496	1,443	1,551	108	7.5%	41	2.7%
Murray State University	1,697	1,795	1,843	1,829	1,987	1,959	(28)	-1.4%	262	15.4%
Northern Kentucky University	1,970	2,082	2,079	2,199	2,231	2,416	185	8.3%	446	22.6%
Western Kentucky University	2,597	2,757	2,795	3,067	3,076	3,073	(3)	-0.1%	476	18.3%
Sector Total	10,073	10,441	10,565	11,064	11,153	11,415	262	2.3%	1,342	13.3%
System Total	23,168	23,368	23,234	23,880	24,091	24,256	165	0.7%	1,088	4.7%
Change from Prior Year	-	0.9%	-0.6%	2.8%	0.9%	0.7%				

Source: CPE Comprehensive Database.

Note: Data does not include house staff and post-doctoral students at UK and UofL.